

NEWS
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Mrs. Gandhi's disapproval may topple Charan Singh

BY K. K. SHARMA IN NEW DELHI

MR. CHARAN SINGH yesterday expanded his Cabinet by 10 members, seven of whom belong to the Congress Party which the Prime Minister, Indira Gandhi (S) — the "S" stands for secular — has now an effective coalition. But the composition of the Cabinet makes it clear that it will be highly unstable.

The main reason is that the Congress Party ministers include at least two to whom Mrs. Indira Gandhi objects. They have been included by Mr. Charan Singh in his Cabinet despite her disapproval which is based on the fact that they testified against her before commissions of inquiry.



Mr. Charan Singh

The two are Mr. T. A. Pai and Dr. Karan Singh. Both have campaigned against Mrs. Gandhi ever since she was ousted in the 1977 general elections. Since they now form part of the new government, she has withdrawn her support for it.

The main implication of this is that Mr. Charan Singh will not receive the crucial support of 78 members of Mrs. Gandhi's Congress (I) faction in Parliament when he seeks a vote of confidence in the third week of August. Without it, his Government would probably be unable to survive.

Mr. Charan Singh's decision to take in the controversial ministers is said to be based on his determination not to be bound by Mrs. Gandhi's demands since he is committed to combat "authoritarianism" (a euphemism for Mrs. Gandhi). The Prime Minister is also committed to protect minorities, and has thus projected the secular image of his cabinet by including three Muslims, two Harijans (untouchables) and one Christian.

Among the portfolios announced so far are those of Mr. S. N. Mishra, who becomes Minister for External Affairs, and Mr. H. N. Bahuguna, who is

Minister of Finance. Mr. Mishra is to leave today for Lusaka to represent India at the Commonwealth Conference.

Mr. Bahuguna takes the important responsibility for tackling the virulent inflation which has led to prices rising by 12.6 per cent in less than six months. Mr. Bahuguna was a contender for the prime ministership, but his qualities as an economist are untested.

Reuter adds from New Delhi: A criminal conspiracy case against Mrs. Gandhi was adjourned yesterday until August 22 by one of the special courts established to try her for alleged offences during her 21 months of emergency rule. Mrs. Gandhi had been summoned to the court for a preliminary hearing, but instead sent a lawyer to argue that prosecution was barred under a three-year statute of limitations.

Malaysia condemns Western rescue ships

By Our Foreign Staff

TAN SRI GHAZALI SHAFIE, Malaysia's Home Affairs Minister, yesterday criticised Western "mercy ships" for sending "boat people" into the South China Sea to rescue "boat people" fleeing Vietnam. He claimed the arrival of ships would give Vietnam an excuse to break the pledge made in Geneva two weeks ago that it would check the refugee exodus.

Tan Sri Ghazali told a Kuala Lumpur news conference that the Vietnamese Government should be given four months to honour its promise to impose a moratorium on refugees. He claimed, however, that Vietnamese people, bearing that rescue ships were being sent to the South China Sea by the U.S., Italy and France, were slipping out to sea in defiance of the Vietnamese Government's clamp-down.

Meanwhile, in Thailand, an Interior Ministry spokesman has reported a tightening of security in its north-eastern border provinces after reports that more than 10,000 Cambodians are converging on the border to cross into Thailand. They are thought to be some of the 45,000 refugees forcibly repatriated by Thailand in recent months.

AT THE START OF THE LUSAKA SUMMIT African States differ over Rhodesia

BY MARK WEBSTER, RECENTLY IN MONROVIA

AFRICAN COUNTRIES attending the Commonwealth conference in Lusaka are anxious to paper over divisions in African opinion on the question of Zimbabwe Rhodesia which showed themselves at the recent Organisation of African Unity summit in Monrovia.

The conference eventually passed a resolution recognising the Patriotic Front as the "sole authentic and legitimate representative of the people of Zimbabwe" as demanded by the Front's co-leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe. This is a change from the Front's previous status as "sole liberation movement." It also narrows the grounds for manoeuvre in any future talks on the country.

But the resolution was not passed without considerable opposition especially from the Francophone countries. Ivory Coast, Zaïre, Cameroon, Liberia and Lesotho all publicly expressed their reservations to the Front being named as the "sole" representative. Other African countries are reported to have voiced the same opinion privately.

Mr. Mwai Kibaki, the Kenyan Foreign Minister, who led the Kenyan delegation to the OAU, said before he left Nairobi that "a very significant change" had taken place in Rhodesia since the Government of Bishop Abel Muzorewa had taken over. Kenya has been identified as one of the

"moderate" African States who wanted to leave the resolution on Rhodesia more open-ended.

Observers felt that the resolution was eventually passed in the form it did because of two reasons. The first was the importance of the southern African issue in cementing the otherwise rickety wall of African unity. Whenever a particularly divisive issue is threatening to cause total disunity among member states, there is always room for agreement over ending apartheid.

The second was the considerable diplomatic muscle exercised by Tanzania and Nigeria. Both countries who carry a great deal of weight in the OAU and were pressing for a tougher line over Southern Africa. Some delegates saw the final resolution as a compromise agreement which censured the Government of Bishop Abel Muzorewa, condemned Britain and the U.S. for their policies and called for sanctions but did not make any specific threat to any specific country.

One delegate said that a move to get members' countries to agree specific sanctions had failed. Nonetheless, Britain and the U.S. were singled out for particular condemnation in both the resolution on southern Africa and that covering Zimbabwe. The southern Africa resolution said the OAU was "deeply shocked at the attempts of the United Kingdom govern-



THE COMMONWEALTH CONFERENCE

whom be banded over power last June.

Mr. Peacock added that Zimbabwe Rhodesia's elections were "an objective fact that should be taken into account."

But he said the constitution should be changed, white power reduced, veto powers and entrenched clauses abolished and there should be a change in the way the police and armed forces were controlled.

The minister who was due to leave later for the Commonwealth summit in Lusaka, said he had a useful one-hour meeting on Sunday with Tanzanian President Julius Nyerere which focused on the Zimbabwe-Rhodesia issue.

Reuters adds from Salisbury, Zimbabwe Rhodesia's main daily newspaper The Herald yesterday proposed fresh elections and a change to the constitution.

The paper said in an editorial: "one thing is clear—our present constitution is unacceptable to the Commonwealth." It conceded that "the removal of sanctions and ultimate recognition will almost certainly depend on changes being made."

The editorial suggested: "would it not meet the day, despite the waste of time and money involved, for Salisbury and London to agree to new, properly supervised elections under an acceptably modified constitution?"

Five groups boycott Iranian poll for constituent assembly

BY ANDREW WHITLEY IN TEHRAN

AT LEAST five Iranian political organisations are boycotting next Friday's national elections to "examine and approve the draft constitution."

A low poll is expected in the disturbed Arab and Kurdish minority regions. The militant Arab People's Political Organisation declared on Sunday it would not be taking part because of the absence of any mention of autonomy in the draft, drawn up in secret by supporters of Ayatollah Khomeini.

However, a surprising number of other liberal and middle class "secular" parties critical of the authoritarian cast of the document have decided to participate in the elections, to set up a 75-member assembly which will sit for one month.

Among the parties boycotting the elections by refusing to put up candidates on the grounds that the procedures are undemocratic are the right-wing Pan-Islamic Party and the Marxist National Democratic Front, the most outspoken critic of the Bazargan-Khomeini Government.

With only three days to go before polling, the voting procedures remain vague in many key areas: in the capital, over 2m eligible voters will be invited to pick up to 10 names from the entire list of 132. No political affiliations will be given to guide voters in their choice.

All men and women over the age of 16 are eligible to vote, creating a total electorate of over 21m, but the turnout is expected to be low despite the religious injunctions. A serious problem is illiteracy, estimated at over 50 per cent of the population. The Ministry of the Interior, the supervisory body, says it has "radical new ideas" to tackle this problem, but these have yet to be made public.

Israel accuses Egypt of infringing treaty

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS accused Egypt of contravening the terms of the peace agreement in Sinai by keeping military aircraft at the El Arish airfield, handed over to the Egyptians two months ago.

Mr. Moshe Dayan, Israel's Foreign Minister, disclosed at this week's Cabinet session that Egypt has a helicopter squadron and military radar at the airfield. Under the peace agreement, El Arish and the other fields in Sinai are to be used for civilian purposes only, after they are returned to Egypt.

Such an assurance is considered here a key factor in assuaging Israeli fears caused by the proposed replacement of the 4,000-strong UN Emergency Force (UNEF)—whose mandate ran out last week—by a smaller unit of unarmed UN observers.

Israel's rejection of this U.S.-sponsored plan has led to a sponsored public rift between Washington and Jerusalem, coinciding with a strongly-worded State Department criticism last week of Israeli plane strikes on Lebanon, and the U.S. announcement that it intends to sell tanks to Jordan.

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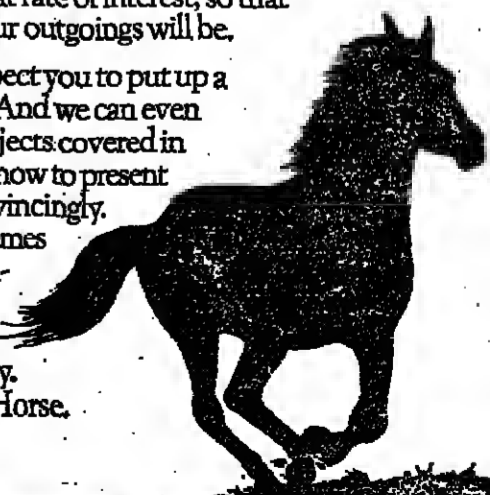
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As an added feature, if you put a proposition to us we may offer, in selected cases and at our cost, the advice of our Business Advisory Service to assist in the arrangement of the loan.

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AMERICAN NEWS

WORLD TRADE NEWS

Steep fall in business productivity

By JOHN WYLES IN NEW YORK

PRODUCTIVITY in the U.S. private business sector suffered its steepest drop in five years during the second quarter, reflecting the 3.3 per cent fall in gross national product allied to stable employment figures.

in the first three months of this year. It resulted in a significant 13.6 per cent increase in unit labour costs, because second quarter compensation per hour rose at a 9.3 per cent adjusted annual rate.

Though much abused, the Administration can apparently claim with some justice that they have helped to restrain the cost of pay settlements in the first six months. The Labour Department's latest figures indicate a 7.3 per cent annual rate of increase in wages and benefits over the life of union contracts, marginally below the 7.5 per cent overall increase permitted by the Government's pay guidelines.

But the rising trend of first year wage increases continued in the first half when the average rose from 7.6 per cent to 8.3 per cent. Moreover, first year increases in wages and benefits for bargaining units of 5,000 workers or more rose from 8.3 per cent to 9.3 per cent.

Canada in new bid to win GM engine plant

By Robert Gibbons

THE CANADIAN Government has offered General Motors of Canada a C\$82.5m (£31m) grant to build a C\$625m aluminium casting plant for car parts in Quebec.

French exports to Soviet Union increase by 50%

By DAVID SATTER IN MOSCOW

FRENCH exports to the Soviet Union rose almost 50 per cent during the first five months of this year and the long awaited expansion of Soviet-French trade now appears to be firmly under way.

The sharp rise in the exports figures was attributed to the beginning of deliveries under the FFR 2bn Technip contract for aromatics factories in Ufa and Tomsk, which was signed in 1976, and deliveries on the FFR 1.2bn Pechnine contract for an aluminium factory at Nikolaevsk.

French imports from the Soviet Union, predominantly oil and gas, also rose substantially in the first five months of this year. They had a value of FFR 2.54bn, a 35 per cent increase over the figure for January to May, 1978, which was FFR 2.04bn.



Hearings open in Chicago

By Maralyn Edid in Chicago

A FEDERAL investigative agency opened hearings here yesterday into the cause of the American Airlines DC-10 crash in which 273 people died seconds after take-off from Chicago's O'Hare airport on May 25.

The National Transportation Safety Board is expected to call approximately 40 witnesses over the next two weeks, including representatives of American Airlines, McDonnell Douglas Corporation, General Electric Corporation and the Federal Aviation Administration (FAA).

SALT debate turns to defence spending

By DAVID BUCHAN IN WASHINGTON

THE CARTER Administration will moderate its strategic nuclear arsenal under the SALT II Treaty, Mr. Cyrus Vance pledged yesterday.

Mr. Vance went along with the conservative majority on the Armed Services Committee in saying that SALT II was no substitute for "our own defence efforts. But I submit that it makes no sense to reject the treaty, and thus increase the strategic forces we face, in order to enhance public awareness that our defence needs are real," he commented in his prepared testimony.

ever, would probably upset Mr. Carter's policy of Government spending restraints, and might also lose pro-SALT votes from liberal senators, who oppose heavy arms spending.



Senator Nunn... promises vote for ratification

Defence Department in its role as the middleman in U.S. arms sales around the world may have left the Government liable to substantial compensation payments to U.S. defence manufacturers for cancelled contracts.

UK deficit with Holland rises

By CHARLES BATCHELOR IN AMSTERDAM

BRITISH EXPORTS to the Netherlands rose sharply in the first half of 1979 but were still exceeded by the rate of growth of Dutch exports to the UK.

Olympic in \$1bn expansion plan

By OUR ATHENS CORRESPONDENT

OLYMPIC AIRWAYS, the Greek state-owned national air carrier, plans to invest \$1bn (£435m) in the next five years as part of an expansion programme, including the replacement of its fleet to better face rising fuel costs.

The programme includes the gradual replacement of its seven Boeing 720, six Boeing 707 and seven Japanese-built YS-11A aircraft which are considered uneconomic.

Against exports of £204.6m, Chemical imports of £268.7m slightly exceeded exports of £253.9m.

Canadian growth 'to slow to 3%

By DAVID WHITE IN PARIS

THE CANADIAN economy will escape the immediate impact of oil price rises but faces indirect effects next year as the country's trading partners hold down their imports.

Brazil increases diesel prices by 50%

By DIANA SMITH IN RIO DE JANEIRO

BRAZIL has raised the price of diesel and fuel oil by 50 per cent, effective yesterday.

Volvo Brazil unveils intercity bus

By Rik Turner in Sao Paulo

VOLVO BRAZIL has unveiled its first production model for Brazil—an intercity bus. The bus is bigger than buses currently used in Brazil and can carry 10 per cent more passengers while consuming only 3.5 litres of fuel per kilometre—the same as other buses.

More Venezuelan oil for Brazil

By KIM FUAD IN CARACAS

VENEZUELA has agreed to double its oil exports to Brazil, which in turn will supply Venezuela with nuclear technology.

David Buchan reports on the careful rehearsals which led to Congressional approval of the Trade Bill

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Strauss too cagey for U.S. lobbyists

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But that does not mean that the legislation was passed without a fight. The House of Representatives passed the bill on July 26, 1979, by a vote of 287 to 147.

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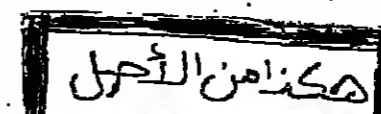
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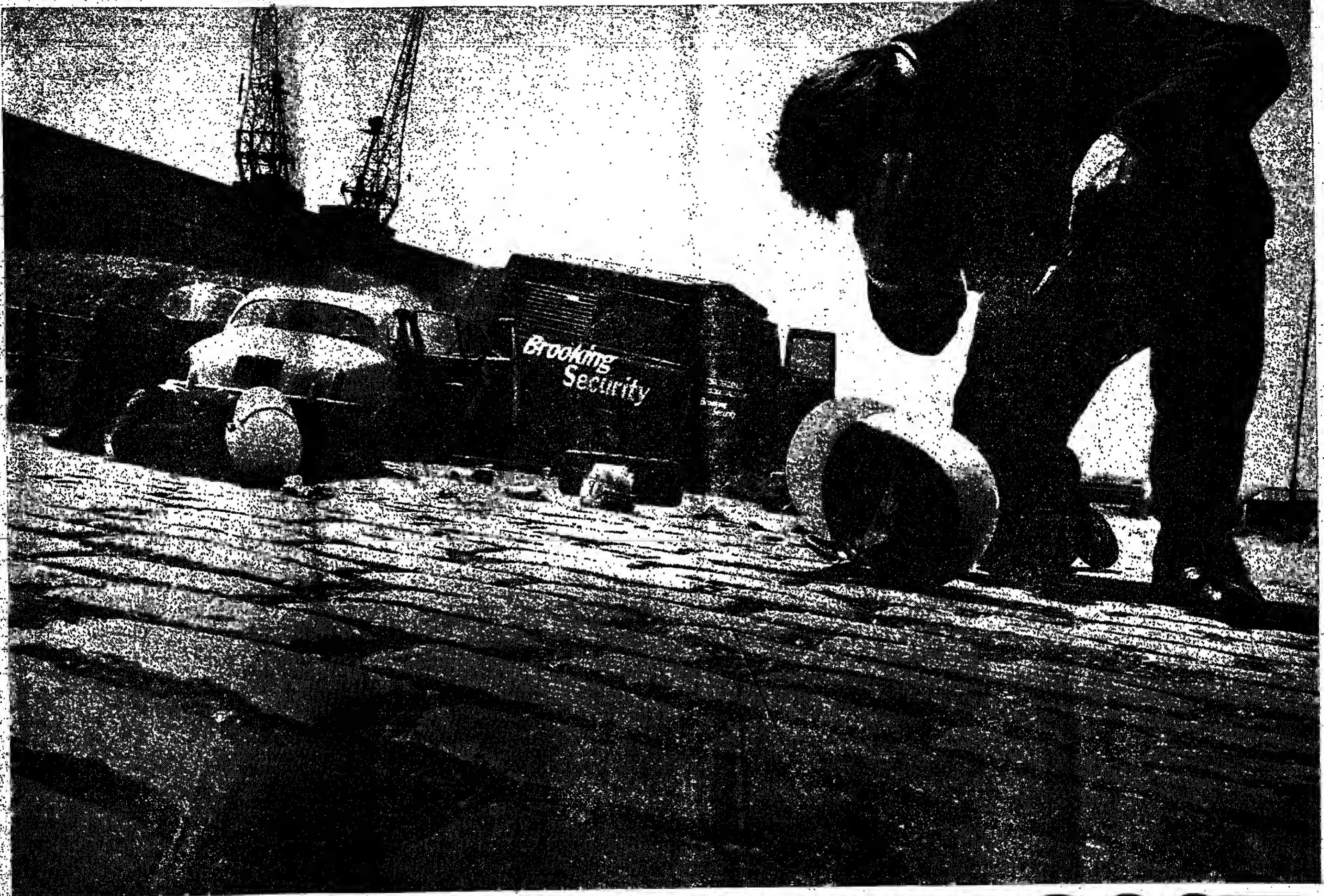
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Mr. Robert Strauss, U.S. Trade Negotiator—a master chef



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You would undoubtedly save money if you paid your employees through a bank.

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You could impress on him that we live in an increasingly violent world, with pick-pockets and muggers proliferating on street corners.

You could say that cheques are cheaper than postal orders for paying bills. And a Barclayloan usually carries a lower rate of interest than H.P.

Dare we say it, the destruction of a dividing line between salaries and wages could even mean we would inch further towards a classless society.

In America, where little or no class system exists, 99% of the working population are paid through banks.

In Germany and France it's 95% and in Australia and

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Yet in Britain we still pay 59% of our work force in cash.

Such a high percentage that any changeover would obviously be a long, slow process.

It would need extremely delicate handling and a gradual phasing-in programme, with which we would be pleased to help.

You will also have to discuss the ways to make monthly payments acceptable to employees and Trades Unions.

But this need not be as tricky as it sounds.

In Europe, Trades Unions saw the change as a means of improving the status of their members.

An opportunity to negotiate uniform conditions of service, rather than a threat to established practices.

But we realise we're probably not telling you anything you don't already know.

We would simply like to bring it to the top of your mind the next time you hear the words, "Any other business, Gentlemen?"

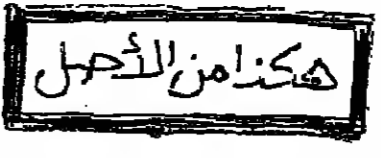
BARCLAYS

Soviet 50%

and rises

ansion plan

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LABOUR

UK NEWS

Unions poisoning economy - Joseph

Belfast factory launch delayed

By Elaine Williams
AIWA, the Japanese electronics company, has delayed plans to set up a factory in Northern Ireland because of difficulty in agreeing acceptable terms with the Department of Industry.

Talks between Aiwa, the Department of Industry and the Northern Ireland Development Agency began last October. Representatives from the company visited the Belfast factory to determine which products in Aiwa's range could be manufactured there.

NEWS ANALYSIS - MEDICAL INSURANCE

Blue-collar workers tempted by perks

BY ERIC SHORT
Private medical insurance with the company paying the cost is no longer just a perk for executives. The news that the Electrical and Plumbing Trades Union had negotiated private medical insurance with the Electrical Contractors' Association as part of an overall benefit package shows that a leading trade union is following the path being set by some blue-collar negotiators at plant or workshop level.

Advantages
Private medical insurance offers three advantages compared with the National Health Service. Firstly, it enables patients to bypass NHS queues and receive treatment at a time convenient to themselves and their employers. The fees for a top consultant's services are covered by the insurance.

Ban free smokes, say doctors

BY JAMES McDONALD
A GROUP of 38 family doctors in Bristol has petitioned the W. D. & H. O. Wills tobacco company, demanding an end to the 40-cigarettes a week offered to employees and pensioners.

Times improves peace offer

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES Newspapers management has offered a reinstatement payment of £500 to all full-time regular employees as part of the terms for republication of its newspapers. The terms will be considered by print unions this week.

Under the original Times Newspapers proposals all regular staff who had been wholly unemployed since April 24 would have received £300 payments on resumption of publication.

TV unions recommend settlement
BY OUR LABOUR STAFF
DETAILS of a proposed settlement for studio staff and electricians working for the 15 independent television companies were notified yesterday to shop stewards in the two unions involved.

Electrical health scheme widened
BY GARETH GRIFFITHS
THE Electrical Contractors' Association said yesterday that it planned to extend its controversial private health scheme for 40,000 blue-collar members of the Electrical and Plumbing Trades Union to cover 10,000 white-collar members of the union.

Three-day week at Coles Cranes
COLES CRANES, the major subsidiary of the Acton engineering group, is to introduce a three-day week next week for 500 of the 2,000 workers at its Sunderland plant.

Boilermakers claim £100 minimum
BRITAIN'S largest shipbuilding unions are in line with staff, two extra days holiday and improved retirement pensions.

Stock Exchange action threat
By Our Labour Staff
THE EXECUTIVE of the Banking, Insurance and Finance Union has been asked by its maintenance staff members at the Stock Exchange to sanction industrial action in a dispute.

OTHER MEN'S JOBS: CATHEDRAL VERGER

Black gown but a business collar

MICHAEL HEATHER looks at first glance as though he might be a young middle manager on the way up the company ladder. Dressed in a neatly pressed grey pinstriped suit, blue shirt and safety tie, he appears to belong beside a bank of phones, pushing tea forward or complaining about late delivery of steel.



Mr. Michael Heather, Head Verger of Gloucester Cathedral.

The first article of a midweek series on unusual jobs. Heather has been head verger of Gloucester Cathedral for 12 years.

and-hus lot and I like a pint after the match. Heather drives up the motorway with his son, who is aged eight—he has three children—and sometimes one of his colleagues in the cathedral. Bishop John Yates sometimes accompanies him. Heather doesn't mind who it is, only that they see a good game. This has been a good year for him, with the Albion doing so well.

He believes he is the youngest head verger in the country; certainly, he is the youngest in the Church of England, where vergers tend to occupy the top end of the age scale. The usual public image is of slightly aged, slightly-stoopied, slightly seedy and utterly careworn men in black gowns.

Shop-steward
There is no obvious route to becoming a verger. Most have some lay association with their own church and take up vergering, if that is the word, when they are of, or near, retiring age. Not Michael Heather. It is only the second job he has ever had and the only one he has ever wanted.

Republic National Bank of New York
Consolidated Statement of Condition
June 30, 1979
ASSETS
Cash and demand accounts \$236,371,136
Interest bearing deposits with banks 598,598,799
Precious metals 89,430,491
Investment securities 444,395,056

Table with columns for Assets, Liabilities and Stockholder's Equity, and Stockholder's Equity. Includes sub-table for Republic New York Corporation Summary of Results.

Sacrosanct
Heather's colleagues in the Church of England Guild of Vergers will not be displeased with this magnanimity. Not that he sees many of them. They meet on a Saturday afternoon and in the season—from August to May—Saturday afternoons are sacrosanct to him. He would not miss a home match at West Bromwich Albion and be tied to see as many of the away games as possible, too.

What's more, they're a lea-

Support for Meriden rescue plan

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Another journalist is required for Big Farm Weekly, the young and successful quality tabloid newspaper circulating to farmers at the top end of the farm market.

Internal promotion has created a vacancy for a commodities writer. The position would suit a young journalist with experience of writing for the farming or food industries, and with an interest in livestock marketing.

The job will involve some travel, mainly within the UK, covering auction sales and other events in the livestock and meat industries. However, it is not merely a reporting position. The person appointed will need to help maintain and extend the paper's reputation for identifying and analysing changing trends in the industry.

Salary in accordance with NUJ rates (subject to review), 4 weeks holiday, rising to 5 weeks after 5 years.

Applications to: Derek Fraser, Editor, Big Farm Weekly, Thomson Magazines Ltd., Northwood House, 93-99 Goswell Road, London EC1V 7QA (01-253 9355)

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COMPANY NOTICES

EUROPEAN INVESTMENT BANK
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1979-1983-1985
Holders of the above mentioned bonds are invited to attend the 10th Annual Meeting of the Bondholders on Tuesday, 31st July 1979, at 10.00 am, at the offices of the Bank, 11, Old Broad Street, London EC4A 3DF. The Chairman of the meeting will be Mr. R. J. M. Hall, Director of the Bank. The agenda of the meeting is as follows: (a) to receive and consider the report of the Directors on the business of the Bank for the year ended 31st March 1979; (b) to receive and consider the report of the Auditors on the accounts of the Bank for the year ended 31st March 1979; (c) to receive and consider the report of the Directors on the operations of the Bank during the year ended 31st March 1979; (d) to receive and consider the report of the Auditors on the accounts of the Bank for the year ended 31st March 1979; (e) to receive and consider the report of the Directors on the operations of the Bank during the year ended 31st March 1979; (f) to receive and consider the report of the Auditors on the accounts of the Bank for the year ended 31st March 1979; (g) to receive and consider the report of the Directors on the operations of the Bank during the year ended 31st March 1979; (h) to receive and consider the report of the Auditors on the accounts of the Bank for the year ended 31st March 1979; (i) to receive and consider the report of the Directors on the operations of the Bank during the year ended 31st March 1979; (j) to receive and consider the report of the Auditors on the accounts of the Bank for the year ended 31st March 1979.

EUROPEAN COAL AND STEEL COMMUNITY
20% TWENTY YEAR BONDS OF 1957 DUE 1ST OCTOBER, 1987
The Commission of the European Communities announces that the annual instalment of bonds amounting to 1,600,000,000 has been purchased by purchasers on 1st October, 1979, at 110% of the nominal value.

RAND SELECTION CORPORATION
(Incorporated in the Republic of South Africa)
NOTICE TO HOLDERS OF U.S. DOLLAR PERCENTAGE SECURITIES
Headquarters are notified that the 15th Annual Meeting of the Rand Selection Corporation Limited for the twelve months ended 31st December 1978, will be held at the Rand Selection Corporation Limited, 40, Holborn Viaduct, London EC1A 1JA, on Thursday, 25th July 1979, at 10.00 am.

NOTICE TO FUNDHOLDERS AND OR OTHERS OF BARCLAYS BANK INTERNATIONAL LIMITED
U.S.\$50,000,000 9% PER CENT
U.S.\$25,000,000 9% PER CENT
CAPITAL BONDS 1987
We hereby give notice that we have appointed Barclays Bank Limited as the agent for the payment of the above mentioned securities and that all dividend payments should be made to the above mentioned agents for each of these securities.

CLUBS
EVERY one that has ever been a member of a club of any kind will know how important it is to have a good club. We are now offering the opportunity to join one of our clubs. We have a number of clubs in various parts of the world. We are looking for members who are interested in a good club. We have a number of clubs in various parts of the world. We are looking for members who are interested in a good club.

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
TRIZOTE INVESTMENTS LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 286 of the Companies Act 1948, that a meeting of the creditors of the above-named company will be held at 1, Love Lane, London, E.C.2, on Thursday, the 9th day of August, 1979, at 12 noon, for the purpose of ascertaining the claims of the creditors and for the purpose of the appointment of liquidators or otherwise as may be required. Dated this 26th day of July 1979. By Order of the Court, M. BLIST, F.C.I.S., Secretary.

PERSONAL
Not all today's war veterans are old soldiers. Many of the young servicemen killed in Northern Ireland leave widows and orphans behind. Those who are disabled may never be able to work again. The annual Poppy Appeal can't help them. They need a lot of help and homes. Please send donations to:
THE ROYAL BRITISH LEGION
APPEALS DEPARTMENT
Maidstone, Kent ME20 7HX.

CITY OF EDINBURGH
£1.5m loan for 1979, due 30th Oct 1979, at a rate of 13 3/4%. Total applications \$2m. Outstanding £2m.

PUBLIC NOTICES
VARIABLE RATE STOCK
The Council of the City of Bristol announces that the half-yearly payment of interest on the Variable Rate Stock, which is due on 1st November 1979, will be at the rate of 56.91 (less income tax) per £100 of Stock. 30th July, 1979.

ART GALLERIES
AGNEW GALLERY, 43, Old Bond St., W.1
01-252 6178
01-252 6178
M-Fri 9.30-5.30, Thurs. 9.30-4.00

ARTISTS OF THE BRITISH SCHOOL
FINE ART SOCIETY, 140, New Bond St., W.1
01-252 6178
01-252 6178
M-Fri 9.30-5.30, Thurs. 9.30-4.00

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

SALE BY AUCTION

By Order of the Directors of LEYLAND VEHICLES LIMITED, due to the rationalisation of their Manufacturing facilities

Extensive range of Quality Modern Machine Tools
Heat Treatment, Pickling & Degreasing Plant
Paint Spray Equipment • Sand & Shot Blast Plant
Air Compressors & Generators • Vehicle & Engine Testing Equipment
Fork Lift Trucks & Mechanical Handling Plant • Weighing Machines
Woodworking Plant • Sheet & Plate Metal Working Plant, Power Presses
Laboratory & Inspection Equipment • Dust Control Plant
Engineers' Loose Tools & Machine Shop Equipment
Factory Furniture, Light Fittings & Equipment
Canteen, Sports & Social Equipment
At LEYLAND VEHICLES LIMITED A.E.C. WORKS WINDMILL LANE SOUTHALL MIDDLESEX

To be offered for SALE BY AUCTION in LOTS at THE WORKS on MONDAY, 20th AUGUST 1979, AND DAYS FOLLOWING at TEN A.M. Each Day
Catalogues available at the Works during the View and Sale Weeks.
Further particulars from the Auctioneers



50/52 High Holborn, London WC1V 6EQ
Tel: 01-405 5411. Telex: 21129-1325

SHORTFALL SOLUTION

For private companies with high liquidity and risk of forced distributions at high tax rates. Fully approved and totally secure method. No risk. Just write your name on company letterheading and post to us today for details. The facility is limited. (We regret no telephone enquiries can be accepted.)
Managing Director
Ackrill, Carr and Partners Limited
Tricorn House, Hagley Road, Birmingham B16 8TP

ARE YOU FINANCING YOUR CUSTOMERS?

Then obtain details of our Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD.
Breeds Place, Hastings TN34 3AB
Contact: S.E. Finch Tel: 0424 430824

U. S. A. EXPORTS
ELECTRONIC AND ENGINEERING COMPONENTS
Our Associated Texas based company will represent you on a fee or commission basis. We specialise in the semi conductor and automotiva industries and can offer a full sales, documentation and warehousing service.
Write Box G4270, Financial Times, 10 Cannon Street, EC4P 4BY

BETONASFALT CONSTRUCTION COMPANY LTD.
SEEKS U.S.\$3.5 MILLION ADVANCE PAYMENT BANK GUARANTEE LETTER FOR A CONSTRUCTION PROJECT IN LIBYA
TELEX: 523601 BETAS D MUNICH-W. GERMANY.

IBM ELECTRIC TYPEWRITERS
Factory reconditioned and guaranteed by IBM. Buy, save up to 30%. Less than 3 years from under 50 weekly. Rent from 12.50 per month.
Tel: 01-441 2365

GOLD
Kruggerands and other coins supplied by reputable International Concerns; we also purchase. Storage facilities available. Strict confidence observed.
AM.(1) LIMITED
Please telephone (01) 903 9763

If you Own or are Purchasing any type of modern OCEAN-GOING VESSEL then ship management subsidiary at currently arranged and successful ship-owning group will manage your vessel with the same care and consideration as its own. Write Box G.200, Financial Times, 10 Cannon Street, EC4P 4BY

OWN, REGISTER AND OPERATE YOUR SHIPS THROUGH GUERNEY
to benefit from the advantages of British Registration and the local tax status. Established shipping, ship management and Project Finance also available. If required. Write Box G.4275, Financial Times, 10 Cannon Street, EC4P 4BY

BIG GRANTS AND RENT FREE ACCOMMODATION
for enterprising businessmen
Contact: Jack Miller at MERCECO, Thiburn Hall, Thiburn Street, London W.C.2H.
Tel: 081-227 5234

IMPORTERS EXPORTERS
Fine new business leads in import/export opportunities. Digest, the new monthly listing of importers/exporters who are currently and actively seeking trade contacts with their counterparts.
For details write to: Import/Export Opportunities, Dept. 67, 15, Stratton Lane, London W17 2SS

TELEX SERVICE is your most available Are you waiting for your mail? Immediate service now. 01-549 8977

VENTURE CAPITAL REPORT, 2 The Mall, Bristol. The newsletter that changes capital to small business. Importers or entrepreneurs. ring 0272 37323

51 A WEEK FOR EC2 address or phone message. Combined rates also given under 53 a week. Prospectus near Stock Exchange, Messrs Midway International, 01-529 0588, Telex 0511725

TENDERS
Required for manufacture of Vending Machines on small batch production basis. Tenderers should have facilities for machining precision components. High quality steel metal and welding fabrication including complete electrical/mechanical assembly, inspection and testing.
Write Box G.4275, Financial Times, 10 Cannon Street, EC4P 4BY.

HOTELS AND LICENSED PREMISES
FOR SALE
SMALL HOTEL IN WEST ALGARVE
£150,000
Magnificent Portuguese Estate House built at the turn of the century standing in 24 acres. Presently a family-owned guest house with a flourishing restaurant. Sleeps sixteen guests and six in the open-plan family apartment. Recently converted with water and electricity. Tremendous potential for development in the most attractive area of the Algarve. For further details call Susan Locke, weekdays after 7 pm, 01-351 3774, or write: John Vincent, Casa Grande, Burgeu, Lagos, W. Algarve, Portugal.

FOR SALE
NEWLY DEVELOPED
01-537 1061

AUTOMOTIVE AND AGRICULTURAL PRODUCTS

Subsidiary of UK public company with substantial national sales force and distribution fleet, manufacturing and marketing a wide range of lubricants, greases, fuel additives, etc. to the automotive and agricultural industries, seeks agencies for additional volume products to market throughout the UK on an exclusive basis.
Interested principals should contact the Chairman
Box G4036, Financial Times, 10 Cannon Street, EC4P 4BY

WOULD ANYONE WHO REPLIED TO THIS ADVERTISEMENT PREVIOUSLY PLEASE REPLY AGAIN AS THEIR REPLIES HAVE BEEN LOST IN THE POST.

PROFESSIONAL FIRMS

We are interested in purchasing a freehold or long leasehold property in Central London part of which (up to 2,000 square feet) would become our offices. If you wish to remain in your present building but wish to give up some space and realise some capital we would be pleased to discuss the matter with you. This proposal may be of most interest to solicitors, accountants or similar professions. Strictest confidence observed as sensitivity of this idea is fully realised. Reply to Seolor Partner, Box G.4267, Financial Times 10 Cannon Street, EC4P 4BY.

Stockbroking

A well-established team with strong institutional connections seeks equity interest in small Stock Exchange partnership with recognised private client business and looking to gain share of institutional market.
Replies, which will be treated in strict confidence, should be forwarded in the first instance to:
P. Desmond Esq., Arthur Andersen & Co., 1 Surrey Street, London, WC2

WANTED

Two small open sites of 1/2 to 1 acre for storage of portable cabins. Preferred location approximately 16 miles West end East of Central London. Level hard ground, good access, within easy reach of major London arterial roads. Would prefer long lease but would also consider acquisition of small businesses with suitable premises, e.g. plant hire, builder's yard, etc. Apply to Box G.4265, Financial Times, 10 Cannon Street, EC4P 4BY.

HOTEL GROUP

Hotel group of companies requires to borrow over a five-year period up to £500,000 against property value of £1.5m as security. Borrowing at the moment from High Street banks at high interest rate. Requires decision from reputable finance house or insurance company in next 10 days. Will consider any proposition lower than 2% over bankers base rate. Replies to Box G4273, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSES FOR SALE

FOR SALE
CIVIL ENGINEERING AND INDUSTRIAL BUILDING CONTRACTORS
Medium sized, and operating in the North East, the Company is well-established with a good clientele, particularly in the public sector, and an experienced staff and workforce. The business has a substantial forward workload and could be suitable for amalgamation or independent operation. Current annual turnover around £3 million. Excellent premises might be included.
Principals only, write in strict confidence to Box G.4221, Financial Times, 10 Cannon Street, EC4P 4BY.

BUILDING CONTRACTING COMPANY FOR SALE
Established and profitable company for sale based in South West with considerable experience of Government, Local Authority, Hospital Board and private contracts. Good balance of contracts in hand and excellent growth potential.
Principals only apply to Box G.4262, Financial Times, 10 Cannon Street, EC4P 4BY.

Vauxhall/Bedford Main Dealer LONDON
For Sale as Going Concern
Principals only apply to Box G4276, Financial Times, 10 Cannon Street, EC4P 4BY.

COMMUNITY/CURRENCY BROKERS
City of London office; purpose built operational dealing desk; Reuters video screens; built-in key and lamp telephone units; board room and kitchen; approx 3,300 sq. ft. leasehold 7 years unexpired; possibility of commodity market memberships.
Principals only to WL Hall, 70 Finbury Pavement, London EC2A 1EX.
Telephone 01-638 2777 Extn. 301

For sale well established substantial **HANDBAG MANUFACTURING BUSINESS**
East Midlands
Approximately 10,000 sq ft leasehold. Turnover in region of £800,000. Considerable capacity. Principals only apply to:-
Emr & Whitney, Provincial House, 37, New Walk, Leicester, LE1 6TU.
Please Write Ref: 1562

RESIDENTIAL & HOLIDAY Caravan & Chalet Park
CUMBRIA COAST (near Lakes and Borrow-in-Furness)
Part Developed
Permitted for 274 units
113 units sited
BODY SON & FLEURY
57 Tufton Street, London SW1P 3QR
01-222 5786

For Sale
ENGINEERS PATTERNMAKERS AND FOUNDERS BUSINESS
Fertous old iron-ferrous foundry. Manufacturers of castings in SG iron. Located SE. London. Well equipped freehold modern building approx. 20,000 square feet. Write Box G4272, Financial Times, 10 Cannon Street, EC4P 4BY.

Small Bank sought
The advertiser is a professional firm seeking to find for their clients a small private or merchant bank for outright purchase.
All replies treated in the strictest confidence. Please reply to Box No. G4256, Financial Times, 10 Cannon Street, EC4P 4BY.

GOLD SOVEREIGNS AND KRUGGERANDS
Bought and sold in strictest confidence. Also Half and Full Sovereigns (pre-war) wanted. Minimum £50 each price/£1 unmarked. U.K. only.
SHAW CAVENDISH & CO. (Butlins Dealers), Capenhurst House, Chester CH5 1JZ

HEATING AND VENTILATING
Probable Engineering Co. 100% shares available. Est. 15 years. 1/2 £60,000. Mod. well maintained plant n/c. two freehold factories London NW. One vac. rebuilding camp. Ave. 1979 with scope for expansion. Principals and retained agent enquiries:
PREBLE & MARTIN
10, High St. Pinner, Middx. 01-869 3877/8

PANAMA COMPANY—Good standing, no trading, several years old. \$552, APOD St. Jerez (Venezuela), Suth. Tel. 01 034 55 79 01 70.

SHELL COMPANY FOR SALE. No assets. No liabilities. Incorporated 20th July, 1945. Authorised capital £20,000. Tax loss companies always resulted to most traders. Must be 'bad' and solvent. A. Storey, Marlborough House, Cranner Street, Nottingham.

WANTED
Clients of Arbutnot Latham & Co. Ltd. seek to acquire businesses making profits in the range £50,000 p.a. —£250,000 p.a. Any industry considered.
Please reply, officials only, to ARBUTHNOT LATHAM & CO. LTD., 7th Floor, Broad Wing, Chalet Park, Manchester M1 4BU.

GROUP SEEKING EXPANSION WITHIN THE MARINE INDUSTRY
wishes opportunities to purchase companies in this or closely allied fields.
Write fully including details of any manufacturing facilities to: Box G.4288, Financial Times, 10 Cannon Street, EC4P 4BY.

PLANT AND MACHINERY
FORK LIFT TRUCKS? We have over 100 used machines ready for immediate sale. Call upon request. Trade and export enquiries welcome. Arranged worldwide. Large reduction on bulk purchase. Finance arranged. Birmingham Park Lane Trade Ltd., 4-8 Park Lane, Birmingham B3 7LN. Tel: 021-327 5544/5. Telex 33705Z.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SHIPBUILDING

Ship for many tasks

FLEXIBILITY is the hallmark of a ship design which is capable of being adapted to carry containers, roll-on roll-off cargo, barges and heavy loads, developed by the Capricorn Corporation of Hong Kong.

COMPUTING

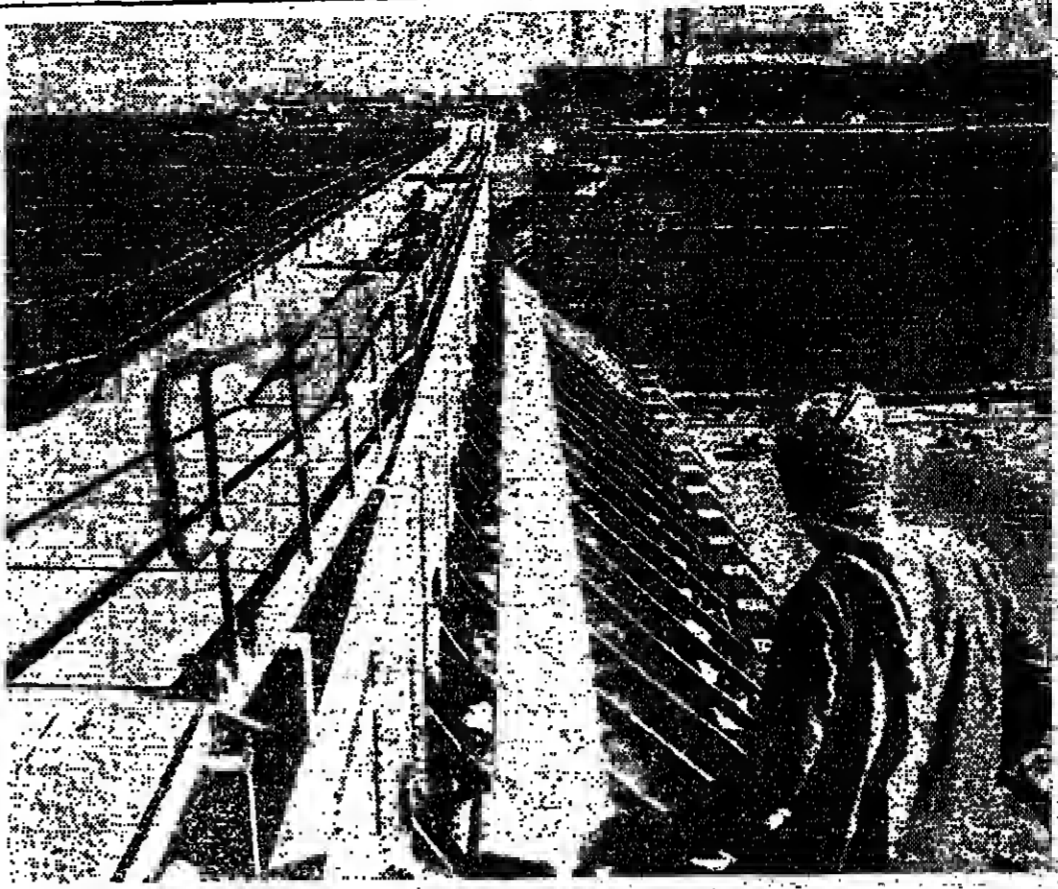
Big network by ICL

OFTEN ACCUSED of not having paid sufficient attention to the development of teleprocessing facilities, ICL has nevertheless secured a massive Government contract which will involve a great deal of remote working on behalf of the Department of Health and Social Security.

CAMELOT, for computer aided mechanisation of local office tasks, is the name of a complex of computers and displays that will aid the 70,000 office staff in DSS to cope with an average of 231,000 new incapacity claims each week as well as some 21m supplementary benefit cases.

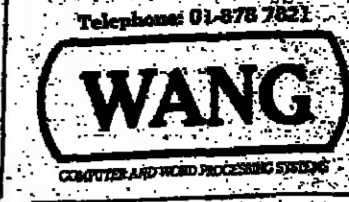
latter working to five offices. Ultimately 500 offices having 2,500 displays between them will be involved. No figure for the contract has been released by the Central Computer Agency but it is believed to be worth at least £15m to ICL.

Further information from Capricorn Corporation, 811 Edinburgh House, Queen's Road, Central Hong Kong, IAN HARGREAVES



Road surface across the top of three new submersible dry dock gates (one being the largest in the world), part of the recently completed £222m Dubai ship repair facility, has been formed with a 6mm-thick heavy-duty, corrosion resistant epoxy resin safety surface, manufactured and supplied by Roadcoat. The gates, each 15 metres high, form closures for the individual docks and rotate to lie on the sea bed to allow the passage of ships. To protect them a light-weight driving surface with good impact, chemical, corrosion and wear-resistance properties was specified. In addition the salt water-remains totally unaffected by the rapid temperature change from bright sun to cool water. Roadcoat 06284 3040.

Wang is now recognized as the largest worldwide supplier of screen based word processing systems and the second largest supplier of small business computers in North America. It is doing very well in the U.K. too!



QUALITY CONTROL Compact universal strain unit

TENSILE, COMPRESSIVE and through-zero tests can be carried out in the same compact working space using a series of universal testing machines put on the market by RDP-Howden, Allthorpe Street, Leamington Spa (0926 27782).

COMPONENTS Displays from three sources

SEVERAL new products in digital crystal and other technologies have been announced recently. After Industrial Components of Chislehurst, for example, is offering six-inch liquid crystal characters in three- and four-digit groups. The technology is dynamic scrot producing pale green numerals against a black background.

INSTRUMENTS Controlling the extruders

AMONG THE products that Eurotherm will be introducing at the Kunststoff 79 exhibition in Dusseldorf (October 10 to 17), aimed at the plastics extrusion and injection moulding markets, will be the Type 103 controller. This is a two term unit (proportional plus derivative) with light emitting diode indication and with power feedback to ensure a constant power input to the system heaters under conditions of mains voltage variation.

Indicates unsafe load

APPROACH OF an unsafe loading condition in a fork lift truck is signalled by visual and audible warning in a unit developed by Transducers (CEL).

CONSTRUCTION Spoil removed fast from tunnels

AN AIR driven double drum winch system, said to dramatically increase the rate at which spoil can be removed from tunnels, pipe jacks and headings, has been developed by Tunnequip (part of Rees Hough group), Catteshall Wharf, Godalming, Surrey (04888 5641).

control, monitoring and indication of most extrusion line process variables is possible. The operator station displays an analogue of individual loop temperature error and also such parameters as melt temperature and pressure, screw speed and product thickness, on light emitting diode displays. Also introduced is the 450 range of thyristor drive circuits rated from 8 to 100 amps.

The unit has a 48 x 96 mm plug-in format, has two or eight amp triac load switching and can be specified for a wide range of thermocouple or resistance thermometer inputs. Control is in the 0.5 per cent class. Developed for the control of continuous extrusion processes is the EM-1 Extrusion Master, a microprocessor-based system with one processor per control loop, the whole under the supervision of a supervisory micro. Continuous process control breakdown, which can be disastrous, is thus unlikely. Although temperature control is the primary application, the

shield fully automated tunnel shield system, Marcon International, 129, High Street, Guildford, Surrey, has signed operating franchises with several UK tunnelling contractors, including McNicholas Construction, T. Killoe and Sons, Lebane, Mackenzie and Shand, and Lilly Construction. A franchisee has also been negotiated with a leading pipe jacking contractors, says the company.

More from the company at Trafford Road, Reading, RG1 1AT.

More from the company at Widemarsh Street, Hereford, HR1 9EZ. (0432 8761).

New Issue July 31, 1979. This announcement appears as a matter of record only. Statoil logo. Den norske stats oljeselskap a.s Stavanger, Norway. U.S. \$ 100,000,000 95/8% U.S. Dollar Bonds of 1979/1989. unconditionally and irrevocably guaranteed by the KINGDOM OF NORWAY.

- List of banks and financial institutions: Deutsche Bank, Amsterdam-Rotterdam Bank N.V., Credit Suisse First Boston Limited, Bergen Bank, Christiania Bank og Kreditkasse, Den norske Creditbank, Abu Dhabi Investment Company, American Express Bank International Group, Arab Bank Investment Company, Ltd, Banca Commerciale Italiana, Bank of America International Limited, Bank for General Agricultural, Aktiengesellschaft, Bank Leumi Le-Israel Goyim, The Bank of Tokyo (Holland) N.V., Banque Bruxelles Lambert S.A., Banque de l'Indochine et de Suez, Banque de Paris et des Pays-Bas (Suisse) S.A., Banque de l'Union Europeenne, H. Albert de Bary & Co. N.V., Bayerische Vereinsbank, B.S.I. Underwriters Limited, Chase Manhattan Limited, Commerzbank Aktiengesellschaft, County Bank Limited, Credit Lyonnais, Dan Danske Bank af 1871 Aktieselskab, Deutsche-Skandinaviske Bank Aktiengesellschaft, Dillon, Read Overseas Corporation, Euromobiliare S.p.A., Robert Fleming & Co. Limited, Handelsbank N.W. (Overseas) Limited, Istituto Bancario San Paolo di Torino, Kleinwort, Benson Limited, Kuhn Loeb Lehman Brothers International, Landesbank Rheinland-Pfalz - Girozentrale - Lazarus Frères et Cie, McLeod, Young, Weir International Limited, Morgan Grenfell & Co. Limited, National Bank of Abu Dhabi, The Nikko Securities Co., (Europe) Ltd, Nordfinanz-Bank Zürich, Sal. Oppenheim jr. & Cie., Pitfield Mackay Ross Limited, Privatbanken Aktieselskab, Salomon Brothers International, Schröder, Münchmeyer, Hangst & Co., Société Générale, Svenska Handelsbanken, Union Bank of Finland Ltd, Verband Schweizerischer Kantonalbanken Limited, W.M. Warburg-Brinckmann, Wirtz & Co., Yamachi International (Europe) Limited.

This advertisement appears as a matter of record only. New Issue - July 31, 1979. EUROPEAN INVESTMENT BANK Luxembourg. DM 200,000,000 75% Bonds of 1979/1989 - Private Placement - DEUTSCHE GIROZENTRALE - DEUTSCHE KOMMUNALBANK - BADISCHE KOMMUNALE LANDESBANK - GIROZENTRALE - BREMER LANDESBANK - CAISSE DES DEPOTS ET CONSIGNATIONS - GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN Aktiengesellschaft - HAMBURGISCHE LANDESBANK - GIROZENTRALE - HESSISCHE LANDESBANK - GIROZENTRALE - LANDESBANK SAAR GIROZENTRALE - LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE - NORDDUISCHTE LANDESBANK GIROZENTRALE - WÜRTTEMBERGISCHE KOMMUNALE LANDESBANK GIROZENTRALE.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE NAME of one private investor... keeps cropping up in the market...

Christine Moir on the burgeoning career of Graham Ferguson Lacey, whose investment techniques have caught the eye of the City

A parable for our times



Graham Ferguson Lacey—enigmatic evangelical Christian

The extent of his investments can be gauged by the fact that the three holdings were worth \$4.9m when they were sold...

Such an investment portfolio would attract interest if it were carried out by a publicly quoted company...

He operates with virtually no staff except chauffeurs and secretaries from exquisitely restored premises in a Regency terrace...

Between them the two men own Birmingham and Midland Counties Trust...

Born again

The common bond is a shared Evangelical Christianity. Brought up in a Plymouth Brethren family...

Mr. Ferguson Lacey started to make his living in Birmingham in the paint and wallpaper business...

Table: BIRMINGHAM & MIDLAND COUNTIES TRUST. NOTIFIABLE SHAREHOLDINGS 1978/9. Columns: Company, % stake, Av. purchase price, Mkt. price, Position.

sold to Pilkington Bros. for £1m; £20m of tax losses; Grendon Trust; and the name Birmingham and Midland Counties Trust.

Early in March 1976, Suragan, now renamed BMCT, increased its stake in William Reed to just over 40 per cent...

Boardroom changes followed. In came Dr. John Blackburn of Carrington Viyella fame as chief executive.

William Reed embarked on a major acquisition programme. It bought the Rivington carpet division of Bond Worth from the receivers.

Some of the acquisitions involved an exchange of shares and BMCT's stake was thereby diluted. By August last year

BMCT held 40 per cent which it halved by a placing with institutions at 87p.

By 1978 turnover had hit £12.8m and profits were £1.1m. A convertible preference rights version rights exercisable at 70p.

At the annual meeting a fortnight ago there was more bad news. Barwick was also to be closed and Utley—described as a month previously as on the way back to profitability—had a "for sale" notice pinned to it.

Needless to say, the shares had been tumbling at this state of bad news and after the meeting stood at only 29p.

More recently, Edinburgh and General Investment Trust, an

insurance group of which he became chairman in December, announced in one breath losses for the calendar year of £1m.

Question marks also continue to hang over Mr. Ferguson Lacey's motives and aspirations with Weston-Evans, the engineering company in which he acquired a 26 per cent stake in a package from Barrow Hepburn, at 100p per share, a total of £1.6m.

That was in April last year. In July, having raised the stake to around 30 per cent, BMCT bid 124p for the remainder.

Mr. Ferguson Lacey explained at the time that his offer for Weston Evans came about as a defence against an opportunistic bid from outside.

Intentions with other companies—

he hoped, for instance, to merge Brooke Tool and Habit Precision Engineering—have also been thwarted...

The problem from the outside is trying to assess whether his remaining investment (and any future ones) will be split among institutions or end in the market...

Mr. Ferguson Lacey is given to talking in terms of the parable of the talents. He firmly believes that he can offer certain companies the benefit of his financial acumen...

However, it is difficult on his track record, so far to see whether his intervention will be any more profitable long term than that of "company doctors" who have preceded him...

Another difficulty is in pinpointing his aims. Less than a year ago he took over ailing manufacturing companies which were well managed but naive in financial terms...

He described his focus as plastics, textiles and engineering companies together with insurance and energy investments to proof BMCT against inflation.

Acumen

The engineering companies have gone. The expansion of Rivington Reed into a textile empire has turned to contraction.

If a pattern can be said to be emerging, Mr. Ferguson Lacey seems to be leaving the traditional manufacturing areas and entering the field of the high growth stocks—in services and energy.

To date his performance has been enviable, his methods and dealings frank and open. Now he will extricate himself from his remaining manufacturing companies without personal financial loss or upset to the company.

Initiatives aim at raising quality of product design

TWO NEW initiatives to promote the quality of engineering products in industry have been taken by the Cranfield Institute of Technology...

Under David Farrar, formerly with the British Aircraft Corporation and several other companies—including (as engineering director) the highly design-minded Molins magnate...

The second initiative, with the confoundingly similar title of Centre of Engineering Design, will perform a very different, though complementary series of functions.

Like other engineers with top industrial experience, Mr. Farrar is concerned that engineers should not only be well trained, but also well used within the companies for which they work.

Cranfield Institute of Technology, Cranfield, Bedford MK43 0AL. Tel. 0234 750111. Telex 825072.

Christopher Lorenz

Business books: Law for the Small Businessman by Patricia E. Clayton... David and Charles, £5.95.

Looking with confidence to the eighties



Professor Dr. Rolf Sammet, Chairman of the Board of Management of Hoechst AG

Hoechst successfully concluded the financial year 1978. In real terms the company's output rose during these 12 months by about 7-8%...

of Hoechst AG rose by 11.3%. The income situation also continued to improve during this period. In the first quarter, profit before taxes increased by 22.9%.

Successfully through a difficult decade

- Five developments played a decisive role in shaping the last decade: 1. Sharp currency changes 2. Price rises in petrochemical feedstocks 3. World-wide slowdown in economic and production growth 4. Transition from overemployment to anxiety about jobs 5. Above-average rise in labour costs in the Federal Republic of Germany.

Between 1969 and the present, the share of exports has risen from 45 to 51%.

We invest in the future: with research and development.

The past has shown that the chemical industry makes a decisive contribution towards shaping developments in the world economy. We are convinced that this will continue to be so in future.

Dividend payment for the financial year 1978

In accordance with the resolution passed at the annual general meeting of stockholders on 31 May 1979, a dividend of DM 6 per share of nominal value DM 50 is being paid for the financial year 1978.

Hoechst Aktiengesellschaft 6230 Frankfurt am Main 80

Group balance sheet as at 31 December 1978 (audited version) DM million %

Hoechst Group 1978 1977 DM million %

Additional information on the activities of Hoechst. If you would like to know more about Hoechst and its activities in 1978, we shall be pleased to send you the English version of the company's annual report.



Public medicine is a bargain

BY ANATOLE KALETSKY

THE HOWLS of indignation from union leaders about the private health insurance scheme arranged for Mr. Frank Chapple's electricians are unlikely to make much impression on the Government...

An incentive

The insurance mechanism produces incentives to reduce costs only if the premiums are set by selective underwriting and if the underwriting criteria are within the insured's control...

TV Radio

BBC 1 6.40-7.55 am Open University (Ultra high frequency only) 7.55-8.40 Jackanory...

F.T. CROSSWORD PUZZLE No. 4035

Grid for crossword puzzle with numbers 1-27 and letters A-Z.

ACROSS 1 Racecourse voices approval for a bowler (8) 5 In the island territories are covered by the gun (6)...

DOWN 1 Scrap starts up with the waiter (6) 2 River students discover birds (6) 3 A little fellow goes to town (6)...

Answers to crossword puzzle: 1. RACETRACK, 2. RIVERSIDE, 3. LITTLEBOY, 4. MURDER, 5. GUN, 6. ISLANDS, 7. BOWLER, 8. TERRITORIES, 9. HOBNOBS, 10. CHURCH, 11. INSIGHT, 12. SPIRIT, 13. UNFIT, 14. ROYAL GUARDS, 15. NAME, 16. GRAMPY, 17. PERFECT, 18. UNUSUAL, 19. MEAL, 20. STOWED, 21. FIRST, 22. DOWN, 23. RIVER, 24. BIRDS, 25. FELLOW, 26. SPINSTER, 27. DULL.

Flurry of activity in the video market

Programmes in the UK has been too small to generate much investment. With possibly only 160,000 machines in Britain forecast — the programme market has so far attracted only the smaller specialist companies...

Change in this UK situation is now imminent. Granada TV Rental is about to make pre-recorded videocassettes available through 33 of its 445 showrooms...

New business

The Granada venture will make available initially some 51 titles, qualitatively if not quantitatively the most important range yet offered to UK video-cassette owners...

Oldstock ready for Spillers

THE SPILLERS Stewards Cup at Goodwood is the most popular and one of the most hotly contested sprint handicaps of the season...

RACING

BY DOMINIC WIGAN suggest that the race will be won by a three-year-old carrying 9 st 6 lbs. However, I believe that Oldstock, a bay colt by Sovereign Path, will land the prize...

TV Radio

Wales - 4.45 pm Crystal Tipps and Allstar, 4.50-5.10 Me Gen 1 Storm, 5.55-6.20 Wales Today...

F.T. CROSSWORD PUZZLE No. 4035

Grid for crossword puzzle with numbers 1-27 and letters A-Z.

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FILM AND VIDEO

BY JOHN CHITTOCK

X-rated films. The moral is that both sex and culture never tire. Price is still an obstacle, with good quality feature films hovering around the £40 mark...

OPERA & BALLET

COVENT GARDEN, CC, 01-240 1005 (Gendenshaw) Credit Card 01-235 6503. ENGLISH NATIONAL OPERA. The Ring Cycle Aug 2-10, 5.30, 7.30, 9.30. The Valkyrie Aug 11-13, 5.30, 7.30, 9.30.

THEATRES

DRURY LANE, CC, 01-258 5108. "The Comedy of Errors" September 2-10. "The Merchant of Venice" September 11-19. "A Midsummer Night's Dream" September 20-28.

THEATRES

ROYAL COURT, THEATRE, 7700 2252. "The Comedy of Errors" September 2-10. "The Merchant of Venice" September 11-19. "A Midsummer Night's Dream" September 20-28.

THEATRES

THEATRE ROYAL, DRURY LANE. "The Comedy of Errors" September 2-10. "The Merchant of Venice" September 11-19. "A Midsummer Night's Dream" September 20-28.

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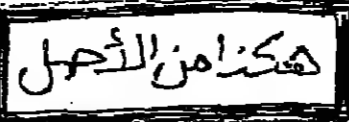
problems in clearing rights and royalty agreements, early sales have been most successful where material can be offered to markets hungry for anything. Apart from adult movies, this has meant a thriving export business to Middle East countries...

Transferability

Home movie making might eventually become the biggest market for the videocassette industry, following the pattern of Super 8mm film. In the Time magazine survey, 84 per cent of respondents wanted to transfer their existing home movies from film on to videocassettes...

ENTERTAINMENT GUIDE

Large entertainment guide section containing opera, theatre, and cinema listings for various venues like Covent Garden, Drury Lane, and the Royal Court.



THE ARTS

New York City Opera

Miss Havisham's Fire

by ANDREW PORTER

Dominic Argento's fourth full-length opera, Miss Havisham's Fire, was commissioned by the New York City Opera...

Nanny Bromé (a newly invented character) sings "Orlick, we've come to take you home" in a familiar phrase...

theme of the novel: the self-knowledge, understanding of others, and compassion that come, eventually, even to those three selfish, self-absorbed people...

Het Loo, The Netherlands

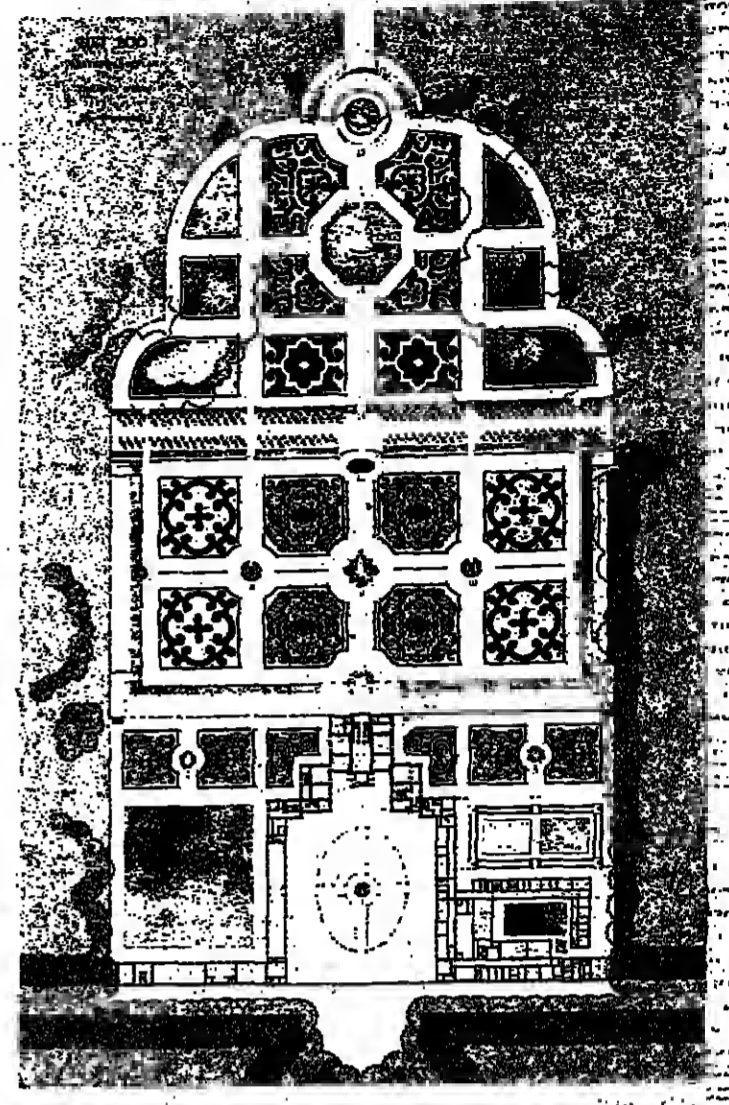
Back to baroque glory

by ROY STRONG

The Dutch owe an extraordinary debt of gratitude to one Walter Harris, M.D., Physician in Ordinary to His Majesty and Fellow of the Royal College of Physicians...

ambours and vistas in false perspective, all epitomising a style which was the transmutation of the French manner into something that can only be categorised as distinctly Dutch...

mony to the facade. Even then, one can imagine the screams of anguish that must have accompanied the felling of each ancient tree in order to clear the site...



Architect's plan of the restoration completed

palace. Bravely the 19th century layers have been peeled away (again not without controversy)...



Robert Sapolsky and Rita Shane

Arts news in brief

There is, at last, to be a National Collection of Banknotes. The British Museum has decided to expand the small collection already in the coin department...

The trustees have made special funds available to enable this policy to be carried out. A late painting by William Blake was bought for the Tate Gallery by Agnews at Sotheby's last week...

on loan to the Tate Gallery for the past few years. Winter was painted in one of Blake's own very personal forms of tempera, in this case close to watercolour with slight touches of gold applied over a very thin ground on a panel of pine...

Radio 3

Bush's 'Joe Hill'

by DAVID MURRAY

In the history of the American labour movement the Swedish immigrant who was known as "Joe Hill" holds a revered place. A member of the Industrial Workers of the World...

the statutory death-cell scene and optimistic final chorus. Though Bush's music belongs to an age represented now chiefly in film scores, it has its own amiable character...

The opera suffers from text trouble, intensified rather than concealed in this radio version. Barrie Stavis's libretto is simple biography, rendering Hill's victimisation in purest black and white—but in terms of agit-prop "documentary" such as naturalistic American acting...

Granted the embarrassment about accents, the BBC held a strong cast. Malcolm Donnelly was an energetic Joe Hill, though halfheartedly by his vowels. Spared any psychological niceties to concern themselves with, the rest attacked their roles ringingly...

RSC to premiere two plays

The Royal Shakespeare Company is to stage the British premiere of Maxim Gorky's The Children of the Sun, to open at the Aldwych on October 9 (previews from October 3)...

night on September 13 with performances from September 9. This is the first play by Nigel Baldwin to be presented by the RSC. He has been resident dramatist at the Royal Court where three of his plays have been presented at the Theatre Upstairs...

The cast includes Sinead Cusack, Carmen du Sautoy, Alan Howard and Natasha Parry. The RSC is also to premiere a new play by Nigel Baldwin, Men's Beards. It will open at The Warehouse in September (Press

Hoddinott birthday opera

Alun Hoddinott is 50 this year and to mark the occasion the BBC has commissioned him to compose an opera for television, The Rajah Diamond. The libretto is by Mytany Piper who wrote the words for one of Hoddinott's previous operas, What the Old Man does is always right and is based on R. L. Stevenson's short

story of the same name. It has already been filmed and will be shown by the BBC on November 25. Director is Basil Coleman, conductor Robin Stapleton, sets are by Peter Phillips and the cast includes Sir Geraint Evans, Kenneth Bowen, Geoffrey Chard, Myron Burnett, Susanna Ross and Menai Davies.

Redemption Notice

Hammersley Iron Finance N.V.

9 1/2% Guaranteed Debentures Due 1985

Unconditionally Guaranteed as to Principal and Interest by HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1970 under which the above-described Debentures are issued, CITIBANK, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on September 1, 1979, (the "Redemption Date") at the principal amount thereof (the "Redemption Price")...

The Debentures called for redemption, each in bearer form with coupons attached, and each of \$1,000 principal amount and bearing the prefix letter M, are:

- All Debentures bearing numbers ending in the digits 29, which Debentures lie in the range 000029 through 019929, inclusive. All Debentures bearing numbers ending in the digits 63, which Debentures lie in the range 000063 through 019963, inclusive. All Debentures bearing numbers ending in the digits 81, which Debentures lie in the range 000081 through 019981, inclusive. Those Debentures bearing numbers ending in the digits 19, and which lie in the range 000019 through 012119, inclusive.

The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the Indenture referred to above, 111 Wall Street—2nd floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt (Main), Geneva, London (Citibank House), Paris, and the main office of Banque Generale de Luxembourg S.A. in Luxembourg...

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due September 1, 1979 should be detached and presented for payment in the usual manner.

For HAMERSLEY IRON FINANCE N.V. By CITIBANK, N.A. Trustee

July 31, 1979

SIEMENS WESTERN FINANCE N.V.

Our Warrants Are About to Expire

We wish to point out that the Warrants issued by us in 1969 with our 5 1/2 per cent U.S. dollar bonds due 1979 will expire on August 31, 1979.

Each Warrant entitles its holder to acquire twelve (12) shares of DM 50.00 par value each in the common stock of Siemens AG against payment of the option price, i.e. of DM 219.60 per share. The shares will be entitled to the full dividend for the fiscal year ending September 30, 1979. Siemens shares are presently trading above the option price.

Holders of such Warrants are requested to contact their bank in time, since option declarations which reach the warrant agent (Deutsche Bank AG, Munich branch) after August 31, 1979 cannot be considered.

In order to ensure that the option rights can be exercised in time, the Warrants will cease to be officially listed on the Luxembourg Stock Exchange and on all German Stock Exchanges at the close of business on August 24, 1979.

Willemstad, Curaçao, July 1979

SIEMENS WESTERN FINANCE N.V.

We hereby announce that Mr. A. Michael Meurs has been appointed Investment Representative for ABN Bank Singapore.

ABN Bank

Singapore: Algemeene Bank Nederland, 2, Cecil Street, D'Almeida Street, Singapore 0104. Telephone 915511, Telex RS24396.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telegrams: *Finantime*, London FSA. Telex: 565412, 638397
Telephone: 01-225 8000

Tuesday July 31 1979

THE CHALLENGE TO REGULATORS

A new world order for banks

Labour Party in travail

FOR MUCH of the past fifteen years the Labour Party claimed with some justification to have become—in Sir Harold Wilson's phrase—the natural party of government. The organisation may have been shaky and the ideological conflict never far below the surface. Yet in terms of winning elections the Party did quite well. It won narrowly in 1964, increased its majority in 1966, lost in 1970, but returned to office in 1974 and held it until May this year. Even today Labour is again ahead in the opinion polls, despite a decisive election defeat.

Ebbing away

By the standards of any democratic political party that is an impressive record. It suggests that not everything to do with the Labour Party in the last fifteen years has been bad, and that the Party may have a reasonable chance of winning a general election again even without doing anything very much in the way of reform. At the very least, it needs to think long and deep before making fundamental changes.

At the same time, however, it is clear that Labour's basic support has been gradually eroding away. The Party won the election in February 1974 not so much on its own merits as because the public had become disenchanted with Mr. Edward Heath's handling of the miners' strike. If that election had not taken place when it did and Mr. Heath's standing had recovered, it is quite possible that Labour's troubles would have come to a head much earlier.

Perspective

Labour has ceased, for instance, to be the party of idealism, even if no other has taken its place. It is no longer the natural choice of the young or intellectual, though it has frequently failed to fulfil its promise, not least because of its inability to deliver economic growth. It cannot particularly claim to be the party of good management. Its own organisation is chaotic, not just in some of the constituencies but also at Transport House. Above all perhaps there is the question of its relations with the trade unions. Does Labour lead the unions, is

led by them, or can there somehow be a satisfactory partnership?

All these are matters of concern, and not only for Labour supporters. Yet none of them is entirely new and they have not prevented the Party winning elections in the past. It is also worth remembering that the Tory Party in opposition went through many of the same travails. There were doubts about the leadership, about the organisation, about the ability to appeal to a broad mass of the electorate—much as the Labour Party is experiencing now—but in the end the Tories came back.

In the aftermath of the election defeat the Labour Party seems to have lost this sense of perspective. There is a reluctance to stand back and objectively examine the record of the past, both the successes and the failures—and then to plan for the future. The left tends to blame the defeat on the absence of socialism. The right blames the excesses of the left. Both are inclined to see the Party Conference at Brighton in October as a fight to the kill, though in practice party conferences rarely work out like that. If the left loses this year, it is unlikely that it will withdraw from the battle, and similarly with the right.

Review

The best compromise is that offered by those trade union leaders who have called for a fundamental review of the organisation, structure and finance of the party. Such a review would take time, but that is precisely its advantage. It would also serve as a cooling off period. Meanwhile the sense of perspective should return. The Labour Party still has plenty of talent. There remains too, a need for a party of idealism and compassion, both at home and abroad. Party policies may have to be rethought in order to find ways of ensuring the economic growth that proved so elusive in the past or to adapt to life without it. The Party may also need to become more efficient in its own organisation. But there is no reason why it should tear itself to pieces. Labour has lost an election, but it has not lost its reason for existence.

Spain tackles Basque issue

THE BASQUE revolt against the central authority of Madrid has been alternately flaring and simmering for almost 150 years. It would be foolish to assume that such a complex and emotional issue can be defused overnight. If further evidence were required of the intractability of the problem, it has once again been provided by Sunday's explosions in Madrid, and yesterday's spate of bomb alerts in the capital. The threat of further attacks on crowded tourist resorts has once again been renewed by Basque militants.

Breakthrough

Yet there are now at least some grounds for optimism. The agreement earlier this month on home rule for the Basque provinces, reached after intensive negotiations between Sr. Adolfo Suarez, the Prime Minister, and Sr. Carlos Garaioa, the leader of the mainstream Basque nationalist party, is a significant breakthrough by any standards. Many Basques have hailed it as a major historical turning-point, and it certainly represents hitherto unexpected concessions by Madrid. Equally important is the fact that these concessions, which would give a considerable degree of autonomy to the Basque provinces, have apparently been accepted by the Army and the hard-core rump of Franco loyalists, to whom the indivisibility of Spain is a cardinal principle.

For their part, the Basque participants in the talks have also made concessions. They have accepted that the Basque provinces will remain under Spanish sovereignty—an essential precondition for Madrid approval in Madrid—and they have endorsed plans for a special referendum to decide the status of Navarre, where loyalties are divided. Significantly, the latest wave of terrorist bombing attacks, which bear the hallmark of the leftist politico-military wing of ETA, have been directed not so much against the home-rule agreement itself as against the continued detention of Basque nationalist prisoners. That would seem to indicate that at least one major faction of the militant Basque nationalist movement is prepared to give the agreement a chance, while at the same time demonstrating that it is still fighting for an

amnesty for those it regards as political prisoners.

But it is not all over bar the shouting. The more violent military wing of ETA is still against the agreement, as is its ally the nationalist Herri Batasuna coalition, which has the backing of over 30 per cent of the electorate in the four provinces. The agreement has still to be put to a referendum in the Basque country, probably towards the end of September, and Herri Batasuna will soon be publishing its own counter-proposals. These are likely not only to demand the right of full self-determination but also to suggest that the three French Basque provinces should be incorporated into a single Basque nation. The referendum will almost certainly endorse the home-rule agreement hammered out in Madrid. But it is important that the separatists should be given a free rein to campaign for their own solution—if not they will argue that the referendum was fixed and resistance will continue. If they are defeated in a fair fight, it is more likely that many of their number will accept the referendum's verdict, splitting the separatist movement.

Nationalism

The referendum will be toughly fought. Quite apart from the overall issue of sovereignty, opponents of the settlement will argue that its provisions for a new Basque police force are inadequate and there could be difficulties over the tricky problem of education, touching as it does the most sensitive nerves of nationalism, language and culture. But they will have ranged against them not only the moderate Basque nationalists, but also Government, Communist and Socialist voters—almost 80 per cent of the electorate. What is encouraging is that Sr. Suarez has finally grasped the Basque nettle. His failure to do so hitherto had been one of his Government's major deficiencies. Given that independence for the Basque country is totally unrealistic, the Basques have been given as good an offer as they can reasonably expect. The hope must be that enough of them will rally to the settlement to isolate the extremists. The militants will not give up at once, but the less popular support they can count on the greater the chances of an end to terrorism.

THE GOVERNOR of the Bank of England, Mr. Gordon Richardson, had a blunt and hitherto unpublished message to convey when he opened the first conference ever of the world's bank regulators in London at the beginning of July.



GORDON RICHARDSON
... a blunt message

"The realities of the international banking system may be tested again in the next few years," he said, for the world was entering another period of mounting OPEC surpluses, payments imbalances, high inflation, and the associated strains in exchange markets. It was a litany which undoubtedly concentrated the minds of representatives of central banks and bank regulatory agencies from over 80 countries who attended the private session. It was ideally pitched to drive home the basic message expressed by Mr. John Heimann, Comptroller of the Currency in the U.S. He said that the global integration of national financial systems raised new problems for bank regulators, and that the search for new solutions would require international co-operation between regulatory agencies.

Even before this year's 60 per cent increase in oil prices and the impending surge in the OPEC current account surplus, bank regulators in the major industrial countries were pressing ahead with new initiatives intended to tighten the regulation of international banking. In the U.S., for example, the Federal Reserve, the Comptroller of the Currency and the Federal Deposit Insurance Corporation last year set up for the first time a joint regulatory committee to monitor international lending activities of the major U.S. banks.

The initiative was in part a response to the rapid growth of international bank lending across borders, especially to governments, which creates country risk, the new regulatory problem. There had been growing concern in the U.S. that some banks were in danger of becoming dangerously exposed as a result of their enlarged role in helping developing countries finance the payments deficits resulting from the 1974 OPEC price rises and the subsequent world recession. Country risk involves not just the danger that a country might default on its bank loans, but also that it might run short of foreign currency making it impossible for commercial entities within its borders to repay their debts to the international banks.

Since the U.S. brought that committee into operation (and its surveillance systems are still being refined) other countries have in recent months been taking their own steps to tighten their control over their banks' foreign business. In the past few months the Swiss governor has said that he wants to apply capital ratios to the world-wide lending of the Swiss banks. They already do submit internationally consolidated balance sheets to the authorities.

The Japanese Ministry of Finance is examining the establishment of new guidelines for foreign currency lending because of the fact that the banks have been too eager to increase their foreign assets.

In Germany, the supervisory

authorities have long been concerned about the amount of foreign lending being carried out by the big banks through their legally independent Luxembourg subsidiaries, which are free from the formal control of the Bundesbank or the Federal Banking Supervisory Office. A voluntary agreement has been reached between the banks on the one side and the German and Luxembourg authorities on the other, under which the German banks will provide the federal authorities with information on their international business on a consolidated basis.

The thrust of these moves is of importance not only to the international banks in the big industrial countries. They imply the beginning of a closer supervisory regulation of the Euro-currency markets.

Unlike recent proposals floated by Germany and the U.S. to examine the imposition



OTMAZ EMMINGER
(Bundesbank president)
... problems in Luxembourg

of reserve requirements on Eurocurrency deposits, this supervisory regulation is not aimed primarily at controlling the Eurocurrency markets because of their impact on the world economy and domestic money supplies. Rather, a closer supervision of individual banking institutions would be aimed at, limiting the freedom of those bankers whose foreign operations are not currently closely monitored and who have been permitted to decide for themselves (without regulatory supervision) what is prudent. Even though aimed at individual banks, the new moves to control their foreign lending could still have macroeconomic effects. At times it could result in some individual countries finding it

harder to persuade banks to make loans because of restraints imposed by bank regulators for example.

It could also lead to an improvement of the quality of aggregate data on bankers' foreign lending. The collation of such statistics by, primarily, the Bank for International Settlements, has been one of the ways in which bank regulators have already been attempting to get at least a better understanding of the extent to which banks are committing themselves to individual nations outside their domestic markets.

Over the past decade the leading world banks have begun to play a vital role in the international economy as they have for long played in national economies. Their importance to national economies long ago led to government supervision of their national operations.

So there is a certain logic in the fact that what the Governor of the Bank of England termed the "internationalisation" of the banking industry should also attract Government supervision especially since it has in part been motivated by the banks' desire to escape some national regulation. Indeed were it not for the fact that such government regulation of the international operations of banks poses such formidable legal and practical problems, no doubt it would have happened earlier.

Another factor is influencing the timing of the new regulatory thrust. The growing importance of the international banks' role—it can be illustrated in part by the expansion of the Eurocurrency market (according to Morgan Guaranty Trust) from a gross volume of around \$110bn in 1970 to \$590bn at the end of 1978—has been accompanied by increasing instability in the world's financial system and increasing risks to the banks operating in it.

The problem then is to find ways of trying to ensure that the instability and increasing risk of banks which has accompanied the breakdown of the Bretton Woods system of fixed exchange rates, the move to floating exchange rates, and the challenges created by OPEC surpluses and high inflation, do not spill over into an international financial panic at a point, triggered perhaps by a bank failure or failures.

It was precisely such a threat in 1974, with the collapse of the Herstatt bank in Germany with capital losses on bad debts and uncovered foreign exchange positions of \$1.2bn and a succession of other banking disasters, which led to the first formalised co-operation between bank regulators in the main industrial countries. A Standing Committee of Bank Supervisors was set up in Basle, comprising central bank and bank supervisory authorities from the Group of Ten countries, and from Luxembourg and Switzerland.

That committee's first priorities included an assessment of the existing supervision of banks' international operations to try to ensure that no area of bank activity escaped proper surveillance. Previously foreign branches and subsidiaries of banks in one country had sometimes fallen outside the perceived responsibilities of the supervisory authorities in either countries—the Israel-British

Bank which collapsed in 1974 is a case in point.

Priority was also given to trying to establish an "early warning system" between the committee members to alert them of emerging banking problems, and to set up an agreed basis for co-operation. It was established that the supervision of international banks in the countries of the committee should be a joint responsibility of the regulatory agencies in each country.

It was also agreed, even though the principle went beyond the letter of the law, that a banking group has responsibility for its activities throughout the world—whether through branches, subsidiaries or joint ventures—where its parent's name is involved. The primary responsibility for supervision, it was agreed, should be with the regulatory agency in the parent company's home country, but with certain qualifications.

The weight of supervisory responsibility borne by the parent company's regulatory authority should be greater, for say, foreign branches than for foreign subsidiaries and foreign joint ventures. In these latter cases the regulatory agency in the foreign host country should shoulder a bigger responsibility. Similarly in matters of bank liquidity, which can be heavily influenced by a foreign country's monetary policy, the foreign host regulatory authority was seen to have a bigger supervisory responsibility.

Regulatory loopholes

This co-operative regulatory framework is riddled with loopholes. There continues to be some uncertainty about the different central banks' roles as lenders of last resort to banks in difficulties. Thus, although the U.S. is opening its discount window to foreign bank branches under the terms of last year's International Banking Act, it is unlikely to be opened to a bank which is seeking to fund liabilities in another country. The U.S. is particularly sensitive about these issues.

Another weakness of existing regulatory co-operation is that it has involved only the 12 nations in the Basle Committee, even though international banks are operating in dozens of countries, some of which have secrecy laws which make it difficult for regulators to verify the condition of the banks they are responsible for.

One of the main reasons for the London conference early in July was to begin to build closer relationships among bank regulators in a wider range of countries. Partly the objective was to acquaint them with the case of the major banks. Partly the aim also was to begin to develop the personal, but informal, relationships which bank regulators find invaluable in their work when strained diplomatic relations or legal constraints such as secrecy laws might otherwise make formal international co-operation impossible.

One of the most glaring weaknesses of the regulatory co-operation established under the Basle Committee has been the result of the difficulties of international co-operation but of the inadequacy of the regulatory



JOHN HEIMANN
... new set of problems

framework within some individual countries represented on the Basle committee itself.

There are many ways to skin a cat and bank regulators go about their jobs differently. Some countries prefer formal capital adequacy rules—for example, others, including the British and the American regulators, do not. The British and American regulations do however provide that regulators must have access to the consolidated accounts of the banks giving them a picture of the whole of the operations of the organisation. In continental Europe, many countries have not yet embedded the principle of consolidation in their banking laws.

In the case of banks which have been building up their overseas operations rapidly and at a time when funds can flow freely around the world this has been a glaring weakness. A bank could for example make its



FRITZ LEUTWILER
(Swiss Central Bank president)
... widening the capital ratios net.

supervised domestic business look much stronger than it really is by transferring notional profits from its offshore operations. It could also sidestep capital adequacy requirements on its regulated domestic operations by expanding its foreign operations, perhaps through a chain of subsidiaries.

The only constraint on the bank would be the prudence of its management. Thus, at the end of last year, the Basle Committee moved to recommend that member regulatory agencies should establish bank supervision on the basis of consolidated international accounts. Even if this move to require consolidated accounts does become universal in the 12

countries represented on the Basle committee, problems will remain for the bank supervisors.

There is concern within some segments of the committee about the extent and possible implications of the more sophisticated liability or deposit management activities of international banks. In part this is simply the regulator's traditional worry about the basis of banking—banks do borrow short and lend longer.

But these anxieties are intensified by the term lending which is the basis of the Euro-currency markets, with loans stretching out over 10 years albeit with roll-over clauses, and the heavy and increasing dependence of banks in that market on short-term deposits from other banks.

One of the problems of course is that the liability side of a bank's balance sheet can change quickly. In an era of volatile exchange rates and interest rates so too can the risks inherent in a particular liability structure.

The challenges facing the world's banking regulators as banks become increasingly international in their operations are immense. Some worry for example that as developing nations grow, more of the world's large banks will be headquartered outside the major industrial nations, and that the regulatory agencies in some of these countries may lack the financial and technical resources or even the political will to supervise these institutions adequately. Regulation has been one of the worries about the proposed Hongkong and Shanghai-Marine Midland merger. There is anxiety too about the growth of some international banks which are as stateless as the stateless money which critics of the Euro-currency market complain of, and do not appear to fall adequately within any regulator's responsibility according to some senior regulatory agency officials.

The basic concern however remains the one thrown up by the Herstatt collapse: the risk of a national financial system being anything become more sensitive and perhaps vulnerable to the failure of or even the rumoured collapse of a moderately large bank in the years since 1974. The international banks have become more dependent on interbank deposits for funds for example.

It must be said on the other side that the banks themselves as well as the regulators are more aware of the risks and are moving to tackle them through the new regulatory initiatives in the case of the supervisors and through improved controls in the case of the major banks.

One must hope that the bank regulators will not require the incentive of further dangerous failures to tackle adequately the challenges they face. But the task is a formidable one. As Mr. Heimann has pointed out there is always the risk that too rigid regulation will stifle bank managements and still not be foolproof. Thus it is a key element in any regulatory system that it should not inhibit competitive freedom—too severely and that therefore it should be prepared to cope with the, probably inevitable occasional banking disaster.

MEN AND MATTERS

Kay's light in black holes

Sir William Pile, the genial chairman of the Inland Revenue, has probably sparked off more frenzied activity among journalists this year than any other government official. His casual guesstimate in March that the UK black economy now totals 100bn annually precipitated an avalanche of Press features, special investigations, surveys and in-depth analyses. According to John Kay, the newly-appointed director of research at the independent Institute for Fiscal Studies, most of the outpourings have been pretty wide of the mark. The institute plans to redress the balance within the next four months with a paper setting out the groundrules for tracing down growth of unofficial economic activity.

Publication of the paper is likely to bring the journalists' field-day on a subject to an end and introduce an equally diverting spell of inquiring among academic economists. But my (black) money is on John Kay to stay well ahead of the field, if past achievements are anything to go by. He became a Fellow of St. John's College, Oxford, at the age of 21 and a member of the Meade Committee on tax reform five years later. In the last couple of years he has collaborated on two well-received books, on the British tax system and concentration in modern industry. His is still only 30.

On the black economy he is working closely with Nick Morris, one of the institute's two senior research officers. They are pursuing three main lines of inquiry. The first is the discrepancy in spending shown up in the Family Expenditure Survey between employees and the self-employed at each level of income. The second is a breakdown of the spending and output figures in various categories. The correspondence between spending and output is good for

parliamentary leader of the Communist Party is called Pato, meaning duck.

So at the weekend, a communique was sent to the predominantly male Lisbon press corps from the new premier, warning them against their chauvinistic spelling error. "Please make the appropriate corrections," she ended sternly.

Trading goals

When members of China's national football team arrived at Heathrow last night, there was one face in the welcoming crowd which they immediately recognised. Jack Perry, Chairman of the London Export Corp, has just returned to the ground for Sino-British soccer by initiating West Bromwich Albion's four-match tour last year.

Perry, now 64, has been involved with Chinese trade since 1962 and made more than 30 trips to Peking. His company now has a turnover with China of more than £60m a year, and its head office in Portland Place is near the Chinese embassy. In the more relaxed post-Mao era, Perry has felt it timely to urge his colleagues to encourage sports exchange with China.

His son Graham, a director of LEC, went with "West Brom" to China. "I was a linesman in one of the matches in Peking—it was very exciting," he says. What does he think of the Chinese as players? "Very skilled and enthusiastic, but they need more exposure to Western tactical formations. West Brom won all four matches."

The Chinese team will tomorrow night play WBA—the first of its four encounters here. In London they will be meeting Chelsea. "I'm glad they are not playing Arsenal, which our whole family supports, otherwise we could have divided loyalties," says Graham Perry. With the growth in trade, there has been no lack of business sponsors for the soccer tour. When WBA went to China, LEC persuaded Dowty, Rolls-

Royce, Barclays and several other banks to give support. This time, an active role has been played by George Wimpey, which has grand designs on Peking.

Counter point

The new Milton Keynes shopping centre—to be opened officially in September—was described yesterday by this newspaper's architectural correspondent as "other worldly".

Some of the bank unions here are it too other worldly by half. Their ire has been aroused by the new Milton Keynes branch of Barclays, which should be open for business later this month. The branch has done away with screens between staff and customer.

Barclays argues that security is provided by keeping the bulk cash one floor up, so that the cashier has only £200-odd at his or her immediate disposal. David Dines, assistant secretary of the Banking, Insurance and Finance Union, says that might deter the professional bank-robbers; but not the casual amateurs. Some slightly sub-normal individual with a couple of pints in him at lunchtime, might see the open counter as an invitation. He could easily jump over and threaten the cashier with a knife.

Floored

Danes jibe about Swedes with as much relish as the English do about the Irish. One example of the genre: Three Swedes stagger into a bar in the early hours, giving all the signs of earlier over-indulgence. As the apprehensive barman comes across one of them collapses unconscious under the table. Not in the least put out, the remaining two order a double whisky apiece.

"But what about him?" demanded the barman, pointing at the recumbent figure. "No more for him," he was told firmly. "He's driving."

Observer

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Robbin to pay

The Falk Islands

Financial Times, Tuesday, July 31, 1979

THE LESSONS OF PRICE CONTROL

The Price Commission closes its doors

THE PRICE COMMISSION, which has earned the unenviable reputation of being the most criticised agency of recent years, will, to all intents and purposes, be defunct, as from tonight. Although the Government's failure to get its Competition Bill through Parliament before the summer recess means that the Commission will continue to exist formally for some months yet, the contracts of most of the existing 16-strong members of the Commission expire on midnight tonight and will, with an exception, will not be renewed.

The exception is Sir Nick Lammor who, along with Mr. Leslie Pincott and Mr. Roger Opie—whose contracts still have some months to run—will form a "caretaker" Commission until the Competition Bill, which formally abolishes the Commission, becomes law. But the caretaker Commission will have no powers to play other than that of fulfilling the statutory obligations of existence laid down by Parliament.

Already Mr. Charles Williams, the Commission's chairman for the past two years, and most of the Commission's 350 staff have left the imposing 22-storey office block housing the new Covent Garden in north London. The skeleton staff left have only three final sector-examination reports to publish before they, too, will go.

The Commission's demise means that, after six years of statutory price controls, British industry will no longer have to justify pricing decisions before they are implemented. If the CBI's voluntary restraint on prices in 1971-72 is taken into account, it means that for only just over a year out of the past 15 years has no formal prices policy existed.

The last two of those 15 years, however, have been the most contentious because they were a conscious attempt to link a counter-inflationary policy with an interventionist policy of improving corporate efficiency and market competition.

"We are creating something which is a very real industrial organisation of the size of the UK," says a spokesman of the Government, "and though we are only taking our first faltering steps along the path, we must look ahead to a long-term programme." Mr. Williams pointed out soon after the Commission started in 1977:

But the CBI consistently opposed the Commission, the Conservatives in opposition described it as a "mafia-like star chamber," and a number of companies which fell foul of the Commission have made considerable more uncomplimentary remarks, both in public and private.

Yet there are several lessons from the Commission's experience of price control and its investigations into corporate pricing policies, market structure and behaviour, and management efficiency. Furthermore, the legacy of 44 company investigation reports and 16 sector examination reports provides a unique case-file of the way British industry operates.

CBI concern

Such lessons assume even more importance in view of the fact that—much to the CBI's concern—the Government is pressing ahead with its own policy of investigating anti-competitive practices in British industry. And since the last Conservative Government reversed its policy on formal price controls within 28 months (and for 15 of those months it was helped by the CBI's policy of voluntary price restraint), the lessons of the past few years may—if past form is repeated—be brought to the attention of Mrs. Thatcher's Government before too long.

Undoubtedly the clearest one to emerge in the past two years is the need for close co-operation with the name: Price Commission in 1977 when the old Commission—headed by Lord Cockfield (now a Treasury Minister in Mrs. Thatcher's

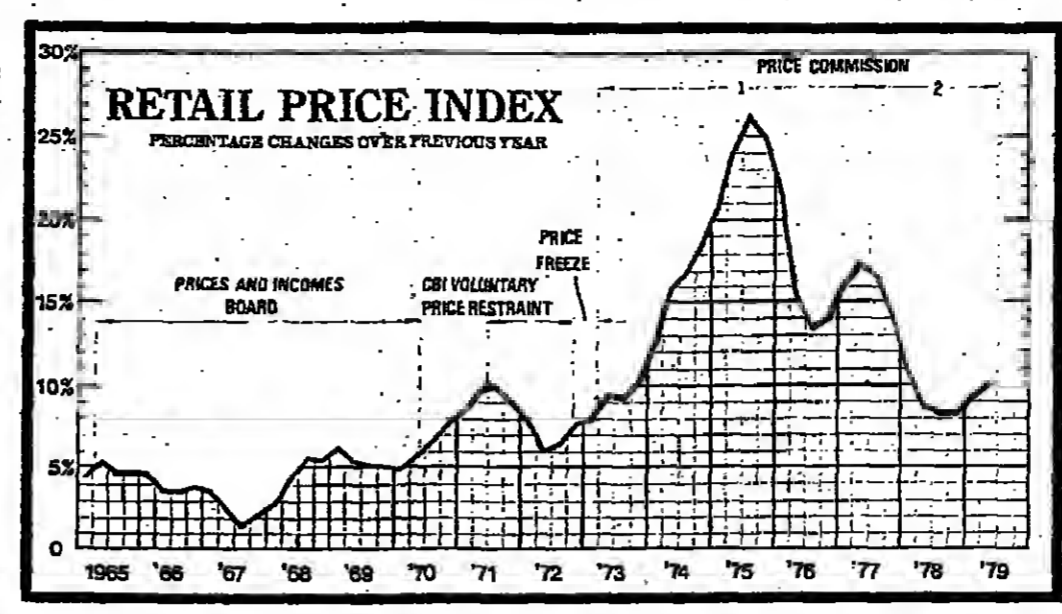
Government)—was wound up. The previous Price Commission had been set up by the Heath Government in 1973 with the specific function of vetting price rises according to a rigid and mechanistic set of criteria of allowable cost rises.

However, once the distorting effects of the old Price Commission's Code became all too clear, the Labour Government decided in 1977 to replace its rigidity with a more flexible set of criteria about when prices should be allowed to rise. But more significant, it was made clear at the time that the Commission's role was not to act as a cross-the-board price checking body, but only to restrain unnecessary price rises. Such price rises, it was argued, were a symptom of uncompetitive market structures and business inefficiency and this led neatly into the Commission's dual role of being the main interventionist arm of the Government's broader competition policy.

A more accurate name for the Commission, therefore, would have been the Competition Commission for Market Imperfections (the latter, in fact, was suggested by Mr. Williams).

Although it is a matter of public record that this competition role was clearly foreseen from the beginning by the Labour Government, there is little doubt that in the Spring of 1977 it was politically expedient not to underplay the price restraint role. At that time the Government was seeking to negotiate a third phase of income policy with the trade unions—and a new and tougher Price Commission was presented to the unions as a quid pro quo for the eventual limited pay deal that was agreed.

However, this inevitably meant that the Commission's competition role increasingly came to be misunderstood: as the Commission began to criticise market behaviour and efficiency,



so companies raised increasing protests at what they believed was an overstepping of the mark by the Commission. The CBI points out that the Commission's multiplicity of objectives created confusion about its primary purpose and this created uncertainty for industry."

Indeed, it would appear that Mr. John Nott, the new Trade Secretary, has already learned the lesson. The Government's new policy on anti-competitive practices—which is broadly similar in the Price Commission's competition policy function—will not be cluttered up by a cosmetic price rise.

But that has been argued forcefully by the Commission is that the crucial requirement for all large companies to pre-notify price rises had two main effects. One was that it forced companies actively to consider their pricing policies and to be prepared to justify any increases. The other was to provide the Commission with the key pricing information that enabled it to pursue its competition role.

The Commission was surprised in a number of cases to find that some large companies had little definite idea of a coherent pricing policy.

Related to costs and dove-tailing with investment and corporate plans. A few companies, such as Ford, impressed the Commission with the degree of their pricing sophistication—but many others adopted a crude rule-of-thumb approach.

The pre-notification—and justification—of price rises meant a re-think was needed by many companies. The Commission received between 500 and 400 notifications a month of price rises from large companies and as many as one-in-four were amended or withdrawn by the companies concerned. In cost terms, the Commission has estimated that this "saved" some £120m in the first year alone.

Moreover, the Commission was successful in persuading companies to increase prices only once a year instead of two or three times as previously. A special analysis of price notifications showed that 73 per cent

of consumer products and services were notified at most once in the year to July 1978, compared with 28 per cent in the previous year.

But undoubtedly the key lesson to be learnt from the Commission, according to its supporters, arises from its legacy of company and sector investigations. Much to the relief of the CBI, however, it appears that the Commission's files will not be given to the Office of Fair Trading (OFT) or Monopolies Commission.

Yet the published reports contain several themes which are likely to be picked up by the OFT and the Monopolies and Mergers Commission as part of the new competition policy.

The basic finding, according to the Commission's published reports, was the clear prevalence of price discrimination throughout industry. Such discrimination in all cases meant that the price the consumer paid was not related to the true costs of production.

Such price discrimination seemed to have too narrow a

- Different prices and profit margins depending on size of the customer;
- Uniform delivery prices, which do not fully reflect differences in distribution costs;
- Special trade discounts to particular customers, especially in the retail grocery sector, which are not a result of distribution cost savings but follow from market power (currently under review by the Monopolies Commission);
- Cross subsidisation between various markets i.e. low prices or profits in one part of the business being subsidised by higher prices/profits in another sector;
- Recommended retail prices whose main purpose is to allow retailers to make special large price offers (now largely prohibited in several trade sectors since July 1);
- Price parallelism, involving several producers agreeing to raise prices in unison;
- Excessive advertising expenditure leading to higher prices.

The Commission's conclusions on management efficiency were less well documented and obviously more controversial. However, the Commission's investigations did conclude that in many companies there existed a significant amount of younger, more aggressive managers willing to act more competitively within their particular industries. Thus in companies where competition had historically been consciously limited by such practices as price parallelism, the Commission found that there was often a factious belief that competition would be more beneficial than collusion.

It was such factious that the Commission often supported in its published reports. The CBI, however, takes a different view of the Commission's competition role. "First," it argues, "the Commission seemed to have too narrow a

view as to what constitutes effective competition—and in some cases appeared to have restricted prices when there was little evidence that the company was not constrained by competition.

Second, the Commission had criticised certain aspects of a number of marketing practices—often without clear analysis and identification of any actual harmful distortion to competition. These practices can act as a distortion to competition in particular instances, but they can also represent a part of the competitive process. The Commission's error is that it appeared to presume that these practices are always anti-competitive in their effect."

It remains to be seen whether the Government's new competition policy will make the same mistake as the CBI's view, although there are already rumblings of discontent from some companies.

What also remains to be seen is whether Mrs. Thatcher's Government will be forced in the same way as the Heath Government to bring in some form of formal price control.

Although it is clear that Ministers do not as yet envisage any change of course, it is significant that the latest Financial Times survey of consumer confidence—published last week—shows that fears about inflation are at their highest for some time, exceeding the concern over trade union power during last winter's industrial unrest.

The Government has the means to produce a price control policy if the need arises. Clause 13 of the new Competition Bill gives the Trade Secretary extensive powers to request an OFT investigation into any price rise of public concern. Although Mr. Nott has emphasised that the clause is expected to remain dormant, it can and at some time may have to be activated at short notice.

Robbing Peter to pay Paul

From Mr. R. Taylor, MP

Sir—Having completed a ten day sales visit to Saudi Arabia, and Bahrain, (where the strength of the pound has created no insuperable difficulties), even the speed of Cambridge order and an opportunity to study your issues of July 20 and 23.

In the former, Lombard drew attention to the consequences of the Government's public spending policy on the opportunities for United Kingdom industries to claim grants from the European Commission and suggested that as our deficit to the Community is likely to increase as a result, the matter should be resolved in the newly elected European Parliament by a more sensibly balanced budget. In the correspondence columns of the latter the director of the National Home Improvement Council drew attention to the same consequence, but suggested a different remedy: he proposed that Sir Keith should formulate his policies so that British industry should be able to secure a greater share of the available grants and loans from Brussels.

This latter suggestion must represent the ultimate absurdity in grant and loan gamesmanship. If we spend more money at home we can claim more of our money back from Brussels!

The advice of the director of the NHIC is quite out of line with Conservative thinking at Westminster. We do not wish to be lured by Brussels into increasing Government subsidies which we believe to be misguided, in order to claim our money back from Brussels.

No Sir! Lombard has it right: the newly elected European Parliament must flex its muscles and stop the Commission from robbing Peter to pay Paul. Mrs. Thatcher's Government has shown that it is incapable of spending less and thereby reducing taxation: it is up to our colleagues in the European Parliament to play their part and thereby ensure Britain's gross contribution to Europe is substantially reduced. This is one of the few occasions when the gross figure is not more significant than the net more.

As (currently) chairman of the Building Materials Export Group, I could write from the same address which we share with the National Home Improvement Council, but I cannot presume to speak for all members of the group and, therefore, prefer to remain, Robert Taylor, MP (Sales Director), G. and S. Allgood, 267-269, Buxton Road, NW1.

Letters to the Editor

Sovereignty is indisputable in international law.

We should not forget the potential advantages to the British economy of the massive fish resources of the South Atlantic—rights to which the annual report from the White Fish Authority, such resources emphasise the importance of the putative 200-mile limit around the Falkland Islands and their dependencies. (Air Commodore.) Brian G. Frow, 2 Greycoat Place, Westminster, SW1.

Saving copper and fuel

From Dr. J. Walker
Sir—A sixth "antidote" available to Sir Keith Joseph to alleviate our dependence on imported materials (July 18) is to reduce our consumption. For example, the heavy copper can be replaced by a single pair of wires carrying coded information between dashboard lights, born, engine, etc. The coding and de-coding is performed (naturally!) by micro-processors. As well as saving copper, this system reduces fuel consumption because the overall bodyweight is lower.

There are many other examples of microprocessors saving both raw materials and energy. In view of this, it is very encouraging that the Government has confirmed its support for the National Semiconductor microelectronics plant in Scotland (July 24). (Dr.) John Walker, Bloodaxe Computer Systems, 7 Church Path, Merton Park, SW19.

Mortgage interest

From Mr. R. Campbell
Sir—Your leading article of July 26 must not go unchallenged. Income tax ought to be a tax on income and if interest receivable is to be included in arriving at a taxpayer's income then interest payable should be equally deductible. You describe the fact that mortgage interest remains deductible, as a special case. This is only true because other forms of interest payable are no longer deductible in arriving at "income."

To deny to borrowers the right to deduct interest on borrowed money in arriving at taxable income, tilts the scales of equity, quite unfairly, in favour of the person with capital which can be un-interestingly used to effect a house purchase. That there is no active housing market, particularly in rented property, is to be deplored but the way to effect a change is surely to allow rent payable as a deduction in computing income. R. S. Campbell, 20 Riverside Road, Staines, Middlesex.

Demand for air travel

From the Planning Director, British Airports Authority
Sir—I wish Mr. Burgess-Wise (July 26) had been more specific about the "independent market survey" which accorded merit to him, proves that demand for air travel can be met by existing London air-

ports, I am not aware of any such survey, but no doubt it will land on my desk in due course.

In the meantime, British Airports Authority must continue to plan on the basis of its own forecasts—which agree with those made by airlines, aircraft manufacturers and the Government—"questionable" though they may appear to Mr. Burgess-Wise.

Traffic this year for the South-East airports is running at about 14 per cent above last year's levels, and at this rate of growth we shall be approaching 41m passengers at these airports in 1979.

We do not expect growth to continue at that rate because of the effect on air fares of higher fuel prices. Our forecasts contain some fairly pessimistic assumptions about oil prices, but even so we are predicting a rate of growth not lower than five per cent a year throughout the 1980s.

This means that the demand at South-East airports could approach 60m by 1980. On this basis present airports—even expanded by additional terminals at Heathrow and Gatwick—will not be able to cope with this increase beyond 1987.

D. W. Turner, 2 Buckingham Coie, SW1.

A gateway airport

From the Director, Nottinghamshire Chamber of Commerce and Industry.
Sir—Mr. D. Burgess-Wise (July 26) is quite correct. We do not need a London airport. What we do need is a gateway airport to serve central England, South Yorkshire and the Home Counties. That airport already exists and is ripe for expansion to gateway status. It is the East Midlands Airport.

This airport is so sited that the environmental disadvantage arising from expansion would be minimal. It is alongside the M1 motorway and at the carfax of a trunk road network which places it only an hour's travelling time from the Birmingham conurbation to the west, Leeds to the north and Bedford to the south. When the St. Pancras line is electrified it will be as close in time to the heart of London as is Heathrow.

So why a third London airport? There is already an airport which would be a far greater advantage to the nation and especially to its productive industry. Exploiting its many advantages by giving it gateway status would save an immense sum of public money and avoid despoiling thousands of acres of agricultural land.

Ronald G. Walton, Sutton-in-Ashfield, Notts.

Nuclear power performance

From the Director and General Manager South of Scotland Electricity Board
Sir—Mr. David Fishlock's knowledge of the nuclear industry is profound and his comment is fully well-informed. His article (Lombard, July 19) was no exception, but his analysis of the performance of advanced

Today's Events

UK: Mr. Len Murray, general secretary, Trades Union Congress, speaks at Euro-Japanese Exchange Foundation seminar "European Business Climate for Japanese Enterprises," Lane End, near High Wycombe, Buckinghamshire.

Publication of Civil Aviation Authority annual report.

Last day of statutory dividend controls.

Discussion on Three-Mile Island Nuclear Reactor Incident, Harrisburg, U.S., led by British team which investigated the accident. Institution of Mechanical Engineers co-sponsored by the

Nuclear Energy Group, 1 Birdcage Walk, SW1, 2 pm.

International Air Transport Association talks continue, Geneva.

Prince of Wales gives reception at Buckingham Palace for those concerned with community relations.

British Tourist Authority presentation of 1978 awards to winners at BAT's "Come to Britain" Trophy Competition, 40, Dover Street, W1.

Overseas: Mr. Michio Watanabe, Japanese Agriculture Minister, in talks in Munich with

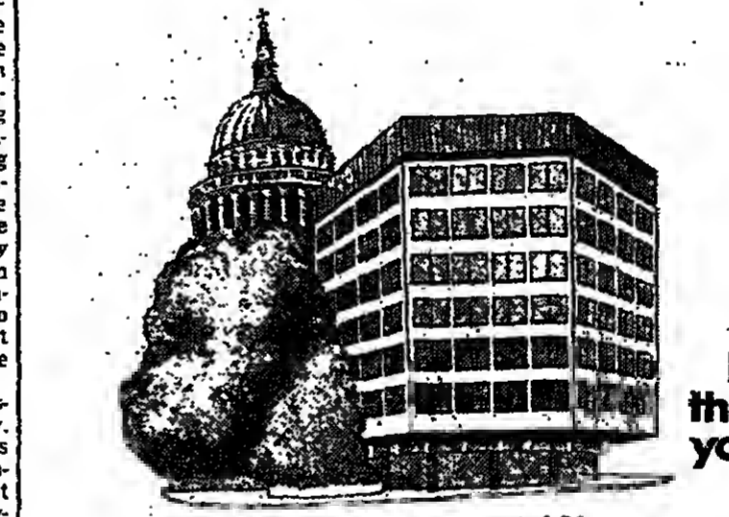
his West German counterpart, Herr Josef Ertl.

Sir Kenneth Clark, Lord Mayor of London, in Kuala Lumpur on his Far East tour.

OFFICIAL STATISTICS
Confederation of British Industry Industrial Trends Survey for July.

COMPANY RESULTS
Final dividends: Cableform Group, Waring and Galloway (Holdings), Interim dividends: City Offices Company, Drayton Premier Investment Trust, Gridways Holdings, Law Debenture Corporation, Nottingham Mann-

facturing, "Shell" Transport and Trading, Vantona Group, COMPANY MEETINGS
Amhurst Investment Trust, Institute of Chartered Accountants, EC 12 5D, Hargreaves, Bowcliffe Hall, Bramham, Wetherby, West Yorkshire, 12, Hill Samuel, London Wall, EC 12 5L; International Timber, Tower Hotel, E 12, Lindisfarne, Donchester Hotel, Park Lane, W 12, Joseph Park, Rotherham, South Yorkshire, 10,30, Russell Brothers (Paddington), Hendon Way Hotel, Hendon Central, 12, Warmford Investment, 20, Alderbury, EC 3, Wheway Watson, 101, Siltoun New Road, Erdington, Birmingham, 12.



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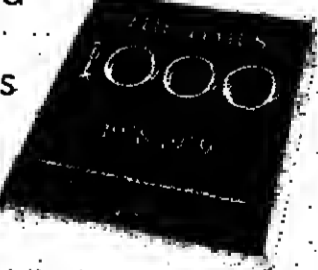
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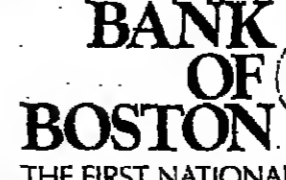
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Nottingham Mfg. advances to £6m in first half

WITH TURNOVER £9m higher at £71.3m, taxable profits of the Nottingham Manufacturing Company increased from £4.98m to £6.05m for the first six months of 1979. In the last full year, a record £15.4m surplus was achieved.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Date of accounting, Total last year, Total this year. Includes Drayton Commercial Int., Felixstowe Tank, Hampson Inds., Investment Co., Macdonald Martin Int., Nottingham Mfg., A. Preedy, and Stavert Zigmala.

A one-for-three scrip issue is proposed. On the increased capital, the net interim dividend is effectively lifted from 0.75p to 1p and the directors intend to recommend a final at a rate no less than last year—the 1978 final was an adjusted 1.96674p.

Hampson turns in £584,000

AS EXPECTED, taxable profits of Hampson Industries, the engineering and industrial cleaning group, were lower for the year to March 31, 1979, at £584,116, against £614,194. Turnover was £1m higher at £12.73m.

term policies for the self-employed. Under these new rates, a man aged 44 can insure his life for £10,000 over the next 15 years at an annual cost of £53.

Mt. Charlotte improves at interim stage

An improvement in taxable profits from £320,000 to £396,000 is reported by Mount Charlotte Investments, hotel and catering group, for the 28 weeks to July 15, 1979. Turnover progressed from £4.53m to £4.88m.

Encouraging start made by John Swan

THERE HAS been an encouraging start to the current year for John Swan and Sons, livestock auctioneers and estate agents in South East of Scotland. Mr. James Whitton, the chairman, forecasts that, if the effects of the hard winter and late summer are overcome, it will be a successful year of trading.

Equitable Life rates revised

The Equitable Life Assurance Society, the oldest mutual life company in the UK, has revised its term assurance rates resulting in substantial reductions.

There is no tax payable. The directors say there is unlikely to be any material tax charge because of losses brought forward and allowances on substantial capital expenditure.

BIBBY & BARON

At the meeting of the holders of the 62 per cent debenture stock 1984-89 of Bibby and Baroh (Holdings) the resolution setting out the arrangement for the repayment of the stock at par, from April 1, 1979, to August 15, 1979 inclusive, was passed.



Mr. W. E. Luke (left) chairman of Lindurys, who is retiring at today's AGM, seen with his successor Mr. Peter Rippon.

Macdonald Martin £0.61m at midway

IN THE first six months of its new financial year to December 31, Macdonald Martin Distilleries reports turnover of £6.09m and a pre-tax profit of £808,000.

Earnings per share are shown at 3.43p, against 3.05p, and the dividend is stepped up from 1.083p to 1.5p.

Felixstowe Tank earnings slightly up

A marginal decline in taxable profits from £152,816 to £147,688 is shown by Felixstowe Tank Developments, the bulk storage and transport concern, for the first half of 1979.

Improvement by Drayton Commercial

For the first half of 1979 Drayton Commercial Investment Company reports gross income ahead from £1.23m to £1.57m.

Investment Co. near £0.37m

Profits of the Investment Company improved from £307,716 to £366,517 in the year ended March 31, 1979, before tax of £127,389, compared with £121,308.

Save & Prosper Property fund value tops £37m

A CONTINUED good performance is reported by the Save and Prosper Property Fund for the year to May 15, 1979. The value of the fund advanced from £31.5m to £37.3m, and the unit price rose by 18.3 per cent.

deal of flexibility and can quickly adjust if the market should alter dramatically. Nova Decor Services saw an increase of 94 per cent in sales and according to Mr. Meigh, has made a very useful contribution to the group profits, which showed an advance from £807,000 to £826,000, before tax, for the year ended March 31, 1979.

Good start by Melody Mills

After reporting a good start to the current year, Mr. W. T. Meigh, chairman of Melody Mills, wallpaper manufacturer, says he is reluctant to make any predictions as to the year-end position. He says much will depend on the amount of money which remains in the household budget after meeting the increased fuel bills, mortgage repayments, etc.

AB Engineering up to £73,000

A second-half turnaround from a £25,000 loss to a £30,000 profit, lifted the taxable surplus of Associated British Engineering to £73,000 for the year to March 31, 1979, compared with £44,000 last time. The profit was struck after lower interest of £79,000, against £107,000.

A. Preedy finishes year little changed at £1.17m

FOLLOWING THE midway fall in taxable profits from £294,534 to £159,747, Alfred Preedy and Sons, wholesale and retail tobacco, finished the March 31, 1979 year little changed at £1.17m compared with £1.21m previously. Turnover rose some £10 to £64.3m.

With the 1978 acquisition of Midland, Preedy's performance into books, records, art materials and more, and thus improve next year's figures. The total dividend for 1979 is up by 17 per cent, yielding 6.3 per cent at 79p. This covered nearly four times. The p/e at 79p is 6. Preedy is a solid, but small company, and the coming Christmas market could make it a worthwhile share to hold, though its earnings ratings are not far different from its competitors.

Edinburgh American Assets lower

The Edinburgh American Assets Trust reports pre-tax revenue down from £233,000 to £209,000 in the first six months of 1979. The amount available for ordinary holders is £114,000 against £120,000, equivalent to 0.31p (0.32p).

A. Monk expects private sales to offset fall in public sector

A Monk and Co. is confident that the loss in turnover in the public sector—as a result of the Government's spending cuts—can be replaced by further work for private industry.

The change of name reflects more accurately the expanding high technology market and broader operations of the company's UK-based aviation business, the directors say.

CU South Africa profit down midway

On new premiums written of R18.31m compared with R15.02m, the Commercial Union Assurance Company of South Africa reports a profit of £2.9m in the first six months to June 30, 1979, against £3.41m in the same period last year.

SCOTCROS

Additional remarks by the chairman Mr. W. R. Alexander, at the annual general meeting on 30 July 1979

In my statement in the annual report for the year ended 31 March 1979 I said that I was confident that the group had the ability to build on the good results of that year—in which pre-tax profit more than doubled at £1.45m (£623,000) on turnover of £29.4m (£19.5m).

I am happy to say that the trading results for the current year justify that confidence. With the backing of the funds raised by our recent successful rights issue, we are continuing our policy of expansion by organic growth, with capital investment programmes in both the United Kingdom and France.

A copy of the report and accounts may be obtained from: Bank of Scotland, Registrar Department, 26A York Place, Edinburgh EH1 3EY

SCOTCROS

Packaging Food and drink Transport equipment

THE LONG-TERM CREDIT BANK OF JAPAN FINANCE NV

U.S. \$40,000,000 Floating Rate Notes 1977-1982 For the six months 27th July, 1979 to 27th January, 1980 the Notes will carry an interest rate of 11% per annum with a coupon amount of U.S. \$58.14

Fodens Limited Year Ending 31st March 1979 Statement by the Chairman, Mr. L. J. Tolley, C.B.E.

RESULTS FOR THE YEAR

The small trading profit for the year was insufficient to offset our high interest payments and the overall result was very disappointing. The main factors contributing to the poor result were a severe slow-down in exports to the Middle East and a shortfall in sales of specialised vehicles before we could be ready with our new UK vehicle range designed to take advantage of a relatively buoyant home market.

DIVIDENDS

Our dividend recommendations are made because the high cost development work of introducing new UK vehicles, and particularly our own manufactured cab, is now virtually behind us.

FINANCE

It is not easy to finance a recovery situation beset as we are with inflation, high exchange rates and the need to use short term money at today's excessive interest rates. This burden of high interest rates affects us more than most because, due to our relatively low equity base, we presently have to rely heavily on borrowed money to finance our business.

CURRENT ACTIVITY

The work has been done to prepare Fodens for the future. We now have probably the finest range of vehicles ever made by the Company. Exports are still slow, and although military vehicle requirements are currently disappointing we are successfully filling the gap mainly with special vehicles for winter road maintenance.

PERSONNEL

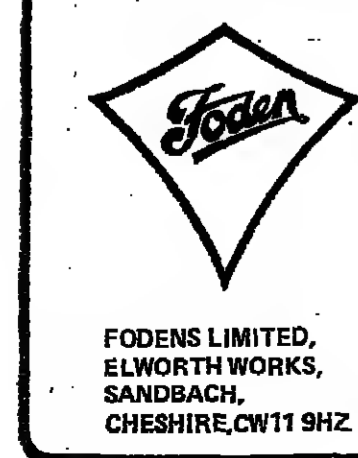
Now that all our preparation work is completed the balance of our labour force is changing from indirect and staff—overhead workers—to producers. Good co-operation in making this change is taking place and I feel sure that all our employees will welcome the opportunity to prove their productivity and efficiency in place of the frustrations and continual changes of recent years.

BRITISH TRUCKS

Until more recent years it was understandable that transport undertakings should favour the heavy trucks of Continental manufacturers whose greater experience of long distance haulage had placed them ahead of the British. Now, however, British heavy trucks can more than hold their own with any overseas make and availability is good.

FUTURE PROSPECTS

The oil crisis is obviously of great concern to this industry, as is the Government's determination to cut public spending unless this can be properly directed against unnecessary revenue expenditure rather than desirable capital projects. However, new vehicles provide greater economy than old ones and larger and heavier loads are more efficient. If the market holds, Fodens are now in a position to maximise their advantages.



Vertical text on the right edge of the page, including 'BT Bes', 'THOR', 'STEWART & W', 'PREL', 'DIRECTORS', 'SHAREHOLDERS', 'AUGUST 1979'.

Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS

BTR has doubts about Bestobell's forecast

BY ANDREW FISHER

BTR fired off a further salvo yesterday in its battle to acquire Bestobell...

declined yesterday, with Bestobell down 2p to 210p...

said that Bestobell had left out certain qualifying remarks from last week's letter...

Thorn lifts stake in Systron

Thorn Electrical Industries has now bought just under 42 per cent of the shares in Systron...

ing concern of which Mr. Conn is also a director...

has been appointed managing director while Mr. Horwood and Mr. L. S. Kanaber are also appointed directors of Hardy...

HELENE BUYING 50% OF CLOBBER

Helene of London has entered into a conditional contract to acquire 50 per cent of the issued share capital of Clobber...

EDITH NEW SHARES LISTED: The Council of the Stock Exchange has granted listing for 90,232 new 25p shares of Edith...

CONTROL SECS. UPS TAKE IN SECOND CITY PROPERTIES: Control Securities, which is slightly more than 50 per cent owned by Labfund AG...

STEWART & WIGHT

Mr. Michael Conn, his wife and Country and Commercial Property Investments...

HARRIS/HARDY

Following the successful £28.5m bid from Harris Queensway, Mr. Edward Datnow has, as expected, resigned as chairman...

CHARTEHALL

The reorganisation of CCF North Sea Associates, in which Charterhall held 40 per cent of the equity, has been completed...

D. F. BEVAN (HOLDINGS) LIMITED

Table with 3 columns: Year ended 31st March, 1979, 1978, and 1977. Rows include Turnover, Profit before tax, Taxation, Extraordinary items, Profit after tax and extraordinary items, Earnings per 5p share (basic), and Dividend per 5p share.

The Directors are recommending a 1-for-5 Bonus Issue to shareholders on the Register of Members on the 28th August, 1979.

INVEST IN 50,000 BETTER TOMORROWS! 50,000 people in the United Kingdom suffer from progressively debilitating MULTIPLE SCLEROSIS...

MINING NEWS

Saskatchewan to acquire 20% of Cluff Lake

BY KENNETH MARSTON, MINING EDITOR

THE GOVERNMENT OF Saskatchewan, via its Saskatchewan Mining Development Corporation, has agreed in principle to pay C\$68.5m...

Record profit at Freport: RECORD earnings of \$27.4m (£11.8m) for the second quarter are reported by America's Freport Minerals...

Hudbay's good second quarter: SECOND-QUARTER earnings of C\$14.5m (£5.4m) are reported by the Anglo American Corporation group's Canadian Hudson Bay Mining and Smelting...

Construction Hlds. opts for trust status

In the face of dwindling returns from its consulting and engineering activities, Construction Holdings has opted for trust status...

Profits leap at Lornex

Another Canadian base-metal producer to announce earnings boosted by higher metal prices...

Cardinal Investment advances

Franked income of Cardinal Investment Trust rose from £308,772 to £331,929...

61 companies wound up

Orders for the compulsory winding up of 61 companies were made by Mr. Justice Slade in the High Court...

Scoteros confident

Trading results of Scoteros for the year so far, justified the directors' confidence that the group could double pre-tax profits...

British Vending ahead

With turnover ahead from £3.34 to £3.28m for the first half of 1979, pre-tax profits of British Vending Industries...

RESULTS AND ACCOUNTS IN BRIEF

MAY AND HASSELL (timber imports) - results for the year to March 31, 1979, reported July 10 with observations on prospects...

Celestion sees further growth

Worldwide conditions for the sale of high quality equipment show a sign of improving from the poor level seen in 1978-1979...

Royal London raises bonus

The Royal London Mutual Insurance Society is improving its rate of special final bonus payable on with-profit contracts...

Half-Yearly Statement

London and Manchester Assurance Group: The group's premium income and new business figures for the half-year ended 30th June 1979 were as follows...

Table with 3 columns: Premium Income and Annuity, Considerations, Investment Trust Retirement, Single Premiums, Pensions and Annuities, Annual Premiums, Single Premiums for Investment Trust Retirement, Miscellaneous Single Premiums. Rows include Ordinary Branch, Industrial Branch, and General Branch.

London and Manchester Assurance Company Limited logo and name.

The Nottingham Manufacturing Company, Limited

INTERIM REPORT: Group results (unaudited) for the six months ended 30 June 1979 are as follows...

Group results (unaudited) for the six months ended 30 June 1979 are as follows: Turnover £71,286,000, Profit on Trading £4,795,000, Investment Income £1,583,000...

INTERNATIONAL COMPANIES and FINANCE

Rapid advance in profits for Belgian oil major

By Giles Merritt in Brussels

PETROFINA, the Belgian oil major, has released sharply improved consolidated profits for the first half of 1979. Earnings for the six months reached FF 8,940m (\$130m) against FF 2,230m during the first half of 1978. Petrofinas states that the current level of profits represents about 3 per cent of turnover.

1978 profits, which advanced 7.8 per cent from the 1977 level of FF 5,600m to FF 6,040m. This reversed a tendency of the group's 1977 results, when consolidated earnings were down 16.5 per cent on those of the year before.

The Petrofinas announcement adds: "The results benefited from the fact that in most countries we did not suffer substantial losses on refining and distribution, as we had done for many years. On the other hand, they were affected adversely by the fact that we had to use the open market to make up some of the shortfall caused first by the total stoppage and then by the limitation of our purchases in Iran."

Renault supports RVI with rights issue

By Terry Dodsworth in Paris

RENAULT, the nationalised French motor manufacturer, is injecting FF 405m (\$96.4m) into RVI, its troubled commercial vehicle subsidiary. The capital is being raised in the form of a rights issue which will virtually double RVI's equity from FF 455.6m to FF 860.6m. This will give the parent group, which owns virtually 100 per cent of RVI, 2.7m new shares at the rate of eight new units for nine old ones.

Life offices sell Waltons stake

By James Forth in Sydney

INSTITUTIONAL shareholders in the Sydney-based retail chain Waltons have already ensured control of a significant shareholding in the company for a group of retail-oriented Melbourne businessmen. The two largest life offices in the country—the AMP Society and the National Mutual Life Association—have sold their holdings to the group of businessmen, led by Mr. John Gandel, the managing director of the Sussan women's clothing retail chain.

The Gandel group picked up about 5 per cent of Waltons' capital from National Mutual along with the AMP parcel, both at A\$1.00 a share, to give a stake of 19.88 per cent. If the option is exercised the holding would increase to 24.32 per cent. The directors of Waltons have now offered a Board seat to Mr. Gandel, and announced several other Board changes. Two directors, Mr. D. B. Sanderson and Mr. D. E. Turner, retired at the weekend for "personal reasons".

CAVENDES U.S. \$20,000,000 Bearer Depository Receipts representing unsecured interests in a Floating Rate Deposit finally due 1986 with C.A. Cavendes Sociedad Financiera

Italian industry heavily in red

By Rupert Cornwell in Rome

THE DISASTROUS financial position of Italian industry has been underlined in a study issued today by Mediobanca, showing that a sample of 856 registered companies represented around 75 per cent of industrial reported total losses of 12,292bn (\$2.83bn) last year. In fact this enormous figure is fractionally less (by L240bn) than the figure for 1977, and the Milan-based merchant bank also reveals that depreciation set-asides increased during 1978 by 1,635bn over the previous year.

companies over the past four years exceeds L8,000bn (\$9.8bn). For the seventh year running investment spending in real terms declined, by 3.7 per cent in 1978. At the same time gross operating mergers had shrunk to such an extent that today of every L100 of turnover, only eight are available for depreciation and debt servicing.

banks dropped by L288bn, nr 2.8 per cent. Mediobanca estimates that to have kept the ratio of 1985, an extra L16,000bn (\$18.5bn) of fresh capital should since the losses have been injected into industry. Due to the weakness of the equity market and the disproportionate appeal to investors of the bank savings, companies have had to borrow the money instead.

This reorganisation plan has run into deep trouble because of the rising losses of the company, which reached FF 250m in 1977 and shot up to virtually FF 400m last year. In order to halt this haemorrhage, RVI has been forced to trim both its workforce and its capital development projects.

PAPUA NEW GUINEA NBA meets equity rule

By our Sydney correspondent

THE National Bank of Australasia has decided on local share issues in its Papua New Guinea offshoot, Bank of South Pacific, to comply with the PNG government policy for increased local ownership. An initial issue will be made available for subscription in PNG in about October or November this year.

was incorporated in 1974 to take over the PNG operation of the National Bank. It was the first private commercial bank to be incorporated in PNG. The pre-set capital of the Bank of South Pacific is 2m Kina (almost \$3m). It is anticipated that the shares will be sought by customers of the bank and other PNG citizens as well as companies and provincial development corporations and statutory organisations.

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT Vienna U.S. \$25,000,000 Floating Rate Notes Due 1981 For the six months 31st July, 1979 to 31st January, 1980

Credit Suisse boosts earnings

By John Wicks in Zurich

CROSS PROFITS at Credit Suisse improved during the first six months of 1979 in line with the trend reported last week by Switzerland's two other major banks, Swiss Bank Corporation and Union Bank of Switzerland.

Balance sheet rose by 12 per cent against the end of 1978 to reach a level of SwFr 53.1bn (\$32.6bn) on June 30. Since the start of this year, the loans total increased by 9 per cent to SwFr 28bn (\$18bn) of this sum about one half of this increase, says the bank was due to a rise in foreign loans.

(\$8.5bn) Its due-from-banks total over the first half. The due-to-banks sum increased even more rapidly—by some 30 per cent—over the period to SwFr 16.4bn (\$10bn). Annual turnover well in excess of SwFr 1bn (\$613m) is expected "in a few years' time" by Hilti AG, the Liechtenstein-based industrial company manufacturing fastening, drilling and anchoring systems, according to Mr. Martin Hilti, chairman.

This year, Hilti sees growth of some 15 per cent in turnover, which in 1978 reached SwFr 736m (over \$450m). Initial production is foreseen at a new plant in the U.S. towards the end of this year, with full operation as from 1980. The U.S. unit, which is costing some \$21m in investments, is to duplicate Hilti's European programme.

Floating rate issues for Hong Kong

By Our Financial Staff

BARCLAYS Bank International and Bank of Tokyo are each floating HK\$50m of floating rate certificates of deposit on the local capital market. Each separate three-year issue will carry a spread 1/8 per cent above the one-month inter-bank market rate, for a Hong Kong dollar or 1 per cent above the local banking prime rate, whichever is higher.

Grace sells controlling interest in pasta-maker

By Our Rome Correspondent

W. R. GRACE, the U.S. foods group, has relinquished its eight year control of Barilla, Italy's largest pasta-making concern. Under a deal, the terms of which are not available, Grace has sold its 98.9 per cent stake in Barilla to Finbarilla, a newly created holding company backed by Italian and Swiss capital.

A quarter of Finbarilla is in the hands of Sig. Pietro Barilla of the family which set up 100 years ago the Parma-based company. He has an option running for six years to increase its stake to a majority of Finbarilla. For 1978 Barilla reported sales of L194.3bn (\$240m). Grace took out its interest in 1971.

Dutch trading groups prosper

By Charles Batchelor in Amsterdam

PERSPECTS appear favourable for the Dutch international trading concerns despite the setbacks suffered last year, according to the Amsterdam-based Rotterdam Bank (AMRO). In a review of three of the largest publicly quoted companies in the sector—Ceteco, Hagemeyer and Internatio-Mueller—the bank does, however, underline the political, business and accounting factors which may adversely affect the 1979 results.

Downturn for Swissair

By Our Zurich Correspondent

HAMPERED by the grounding of its DC-10 aircraft, Swissair earned less in June than it did in the comparable month of 1978. Earnings declined by around 4 per cent, the airline said without disclosing actual profit figures. The north and south Atlantic routes were badly affected. Overall, the number of passengers carried for the month fell by 13 per cent with freight and mail traffic a full 22 per cent lower. The Swiss airline reports a considerable increase in investment in subsidiary companies since the end of 1977. Share capital and loan investments in what the company calls "external diversification" rose from SwFr 68m at the end of 1977 to SwFr 95m (\$57.8m) at the close of May 1979. This came about partly by a capital increase of the charter airline Balair AG, in which Swissair holds 57 per cent, and the creation of the Geneva charter company Cia. de Transport Aeriens (CTA).

Operating results at Internatio-Mueller, with 1978 turnover of Fl 3.4bn the largest and most diversified of the three companies, are expected to improve this year. Lower extraordinary receipts and a higher tax charge will reduce net profit though and earnings of Fl 7.98 are expected. The manufacturing, trading and contracting divisions foresee higher earnings this year though the profit contribution of transport will be smaller.

Compagnie Arabe et Internationale d'Investissement (C.A.I.I.) and its subsidiaries, including its wholly owned subsidiaries. Banque Arabe et Internationale d'Investissement (B.A.I.I.) and B.A.I.I. (Middle East) Inc. Group Consolidated Balance Sheet as at December 31, 1978. Assets: Banks and Correspondents 627,003, Loans and Discounts 751,685, Other Accounts Receivable and Accruals 66,540, Investments and Marketable Securities 43,783, Fixed Assets 3,688. Liabilities: Banks and Correspondents 14,681, Customer Deposits 89,035, Provisions and Other Liabilities 54,236, Capital and Reserves 1,655,098. Consolidated Statement of Income for the year to December 31, 1978. Operating Expenses: Personnel expenses 8,375, General expenses 6,319, Depreciation, provisions and taxes 5,124, Net Profit 28,330. Operating Income: Net interest income 16,677, Commitment commissions 5,862, Management fees 3,864, Other income 1,927, Net Profit 28,330.

Nippon Steel doubles profit but fall in exports feared

BY RICHARD C. HANSON IN TOKYO

NIPPON STEEL, the world's largest integrated steelmaker, yesterday reported that its consolidated net income in the year ended March 31 soared 232.6 per cent to ¥48.9bn (\$227m), on a sales rise of 3.6 per cent to ¥2,524bn (\$11.7bn). There is some concern in the industry, however, that steel production could decrease in this quarter and next as exports begin to lag.

Exports to the U.S. market do not appear to be weakening, although it is not clear how long strong demand there will last. Exports to China are expected to be less than hoped for, and a tightening of economic conditions in South Korea and other South East Asian countries will curb demand.

NZ moves to attract foreign investors

By Dai Hayward in Wellington

THE NEW ZEALAND Government has made widespread changes in guidelines to remove restrictions on foreign investment and to encourage overseas investors.

Mr. Robert Muldoon, the Prime Minister, announcing the new rules governing foreign investment, said that a flexible approach would be applied to every proposal.

There is no doubt New Zealand will benefit from more foreign investment and the inflow of technology it can bring the new guidelines make it quite clear that New Zealand welcomes foreign investment that can contribute to the country's development," he said.

The degree of participation of local shareholders in proposals involving ownership and control of the country's natural resources and the potential impact on the environment will also be considered.

Earnings increase for Komatsu

TOKYO—Komatsu, the Japanese construction machinery maker, raised its net profit at parent company level by 28 per cent in the first half of the fiscal year to ¥9,649bn (\$44.8m) from ¥7,531bn in the same period last year.

Increases in the overseas markets to meet the appreciation of the yen in the foreign exchanges, and also from an upturn in demand for construction machinery in the domestic market, according to the company.

Exports increased 1.6 per cent to ¥33.49bn, from ¥32.12bn. Komatsu estimates that its net profit in the whole fiscal year, ending December 31, will total ¥20bn, up from ¥15.89bn in 1978.

Shipping line net income trends vary

TOKYO—Lower sales but varying profit trends are reported on a consolidated basis by two Japanese shipping companies. Kawasaki Kisen Kaisha, the third largest operator of regular liners in Japan, posted a net profit of ¥336m (\$2.5m) in the year to March 31, up 29.9 per cent from the ¥260m in the preceding year.

Higher export sales lift Vereeniging Refractories

BY JIM JONES IN JOHANNESBURG

VEREENIGING Refractories (VERREF), South Africa's largest manufacturer of refractory bricks, has reported a 23.5 per cent first-half turnover increase to R35.8m (\$42.6m) for the six months to June 30, 1979. This compares with first-half turnover of R29m last year and a second-half figure of R33.7m.

Mr. Graham Boustred, the chairman, is confident that second-half earnings will at least match those of the first. From first-half earnings per share of 66 cents compared with 42 cents a 16 cents interim dividend has been declared. Last year's interim of 12 cents was followed by a 24 cents final.

Banco de Chile U.S. \$35,000,000

Floating Rate Notes due 1986. In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the initial 6 months' Interest Period has been fixed at 11 3/4% per annum.

KUALA LUMPUR KEPONG BERHAD (KLKPB). Kuala Lumpur Kepong Investments Limited is pleased to announce that it has been appointed Registrar to KLKPB with effect from 1st August, 1979.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of BUILDING SOCIETY RATES on offer to the public. For further details please ring 01-248 8000, Extn. 266

For advertising details please ring 01-248 8000 Extn. 266

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of LOCAL AUTHORITY BONDS on offer to the public

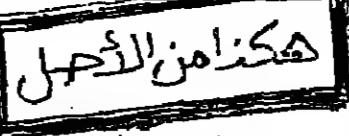
Mass Transit Railway Corporation Hong Kong U.S. \$16,000,000. Finance for a contract between Mass Transit Railway Corporation and G.E.C. Rectifiers Limited for power supply equipment for the Tsuen Wan Extension. Arranged by Lazard Brothers & Co., Limited with the funding and payment guarantee of Export Credits Guarantee Department of the United Kingdom.

CITICORP & subsidiaries CONSOLIDATED STATEMENT OF CONDITION. Assets: Cash and Due from Banks \$7,095,363; Deposits at Interest with Banks \$3,663,482; Investment Securities \$3,706,913; Trading Account Securities \$3,304,292. Liabilities: Demand Deposits in Domestic Offices \$7,762,443; Time Deposits in Domestic Offices \$6,693,588; Deposits in Overseas Offices \$5,956,200.

US \$20,000,000 Galveston-Houston International Finance N.V. 8 3/4% Convertible Subordinated Guaranteed Debentures Due 1994. Convertible into Common Stock of and Guaranteed on a Subordinated Basis as to Payment of Principal, Premium, if any, and Interest by GALVESTON-HOUSTON COMPANY. Kidder, Peabody International Limited; Rotan Mosle Inc.

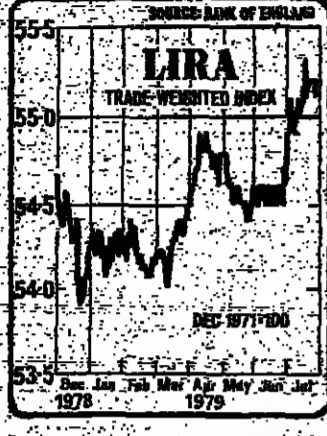
Autopista Concesionaria Astur-Leonesa, S.A. U.S. \$9,000,000 MEDIUM TERM LOAN Guaranteed by Banco Hispano Americano, S.A. Managed by Nomura Europe N.V., Banco Hispano Americano, S.A., The Mitsui Bank, Limited. Provided by Nomura Europe N.V., The Mitsui Bank, Limited, Bancopartners Bank (Nederland) N.V., Banco Hispano Americano, S.A. Agent: The Mitsui Bank, Limited.

CURRENCIES, MONEY and GOLD



Sterling and dollar firm

STERLING and the U.S. dollar both made headway against major currencies yesterday in their dull trading. While the pound remained firm on high interest rates and North Sea oil, the dollar was helped by better-than-expected trade figures for...



Dealers also suggested that the U.S. Federal Reserve Bank may have been working indirectly to the market to boost the dollar and taking advantage of the rather subdued conditions. Against the mark, it finished close to its best level for the day at DM 1.8225 compared with Friday's close of DM 1.8185. Similarly against the Swiss franc, it rose to SfrF 1.6575, against SfrF 1.6430 previously. In terms of the Japanese yen it rose to Y217.10 from Y215.30.

Table titled 'EMS EUROPEAN CURRENCY UNIT RATES' showing exchange rates for various European currencies like the Deutsche Mark, French franc, Italian lira, etc.

Table titled 'EXCHANGE CROSS RATES' showing cross-exchange rates for currencies like the pound sterling, U.S. dollar, Deutsche mark, etc.

Table titled 'EURO-CURRENCY INTEREST RATES' showing interest rates for various Euro-currency deposits and loans.

INTERNATIONAL MONEY MARKET U.S. rates firmer

U.S. interest rates continued to edge yesterday in rather nervous trading. Recent action by the Federal Reserve Bank has tended to suggest a new target rate for Fed. funds of 10 1/2 per cent or more. However the market was still awaiting some concrete evidence that this was the case. Yesterday's rate was quoted at 11 1/4 per cent compared with 10 1/2 per cent on Friday. Treasury bill rates were also firmer with 15-week bills quoted at 9 3/4 per cent from 9 1/2 per cent and 26-week bills at 9 3/8 per cent compared with 9 3/16 per cent on Friday.

UK MONEY MARKET Small assistance

Bank of England Minimum lending rate 14 per cent (since June 12, 1979). Conditions were generally quiet in the London money market yesterday, and the authorities bought only a small amount of Treasury bills, all secured call loans at the start, and closing balances were taken down to 13 per cent.

Table titled 'LONDON MONEY RATES' showing various interest rates for different terms and currencies.

THE POUND SPOT AND FORWARD

Table showing the pound spot and forward rates for various currencies and terms.

THE DOLLAR SPOT AND FORWARD

Table showing the dollar spot and forward rates for various currencies and terms.

Table titled 'CURRENCY MOVEMENTS' showing percentage changes in various currencies.

Table titled 'OTHER MARKETS' showing rates for various international markets like Argentina, Brazil, etc.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 30, 1979. In some cases rates are nominal. Market rates on the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied. Exchange in the UK and most of the countries listed officially controlled.

Large table titled 'WORLD VALUE OF THE POUND' showing exchange rates for hundreds of different countries and currencies.

Advertisement for Thomas Cook Travellers Cheques, featuring the text 'The accepted name for money. Worldwide.' and 'A member of Midland Bank Group.'

Advertisement for 'FACTS' Executive Information Service, featuring a book image and text: 'Introducing the *Executive Information Service' and 'Exclusive to American Express Cardmembers'.

Table titled 'MONEY RATES' showing interest rates for New York, Germany, and France.

Table titled 'JAPAN' showing interest rates for Japanese currencies.

WORLD STOCK MARKETS

Indices

Table showing indices for NEW YORK - DOW JONES, including 1979 and 1978 data for various categories like Industrials, N.Y. S&P, and Commodities.

Dow 4 easier at noon on interest rate worries

INVESTMENT DOLLAR PREMIUM Effective \$2.3135-91% (91%) WITH INVESTORS showing interest rates and the economy. Wall Street plotted an easier course yesterday morning in moderate trading.

198.78 at mid-day on volume of 1.49m shares (1.69m). Cook Paint and Varnish fell 6 1/2 to \$27 1/2 on stating that talks on the sale of its business have hit a serious setback.

buying interest, shares showed no clear trend yesterday in light trading. The Commetbank index, after gaining 5 1/8 last Friday, was a modest 1/8 easier at 752 1/2.

Closing prices and market reports were not available for this edition. at noon, while the NYSE All Company Index shed 2 cents to \$53.71 and declining issues held a seven-to-five ratio lead over gains.

Canada After last week's advance, Canadian markets declined in active early trading yesterday, with the Toronto Composite Index losing 7 1/2 to 1,570.3 at mid-day.

subsidary, Elf Aquitaine Oman, is to develop an oil well in Oman. Elsewhere, however, Michelin 'B' declined FF 12 to FF 909 despite announcing increased first-half dividends and revenues.

Analysts said investors are expecting further increases in interest rates. They noted that expectations are that the Prime Rate, which moved back to 11 1/2 per cent last week after easing to 11 1/4 per cent for a while, may go still higher.

The Oils and Gas index retreated 26.4 to 2,747.2, while Gold declined 15.3 to 1,384.9 and Metals and Minerals 5.0 to 1,321.9. In Montreal, Banks receded 2.38 to 318.60 and Utilities 0.86 to 228.38.

On the Domestic Bond market, Public Authority issues gained up to 20 pence in lively trading, with Bundesbank open-market sales totalling DM20.2m nominal of stock, against DM2m sales on Friday.

Table of stock prices for NEW YORK, listing various companies and their prices for July 27 and 28.

Table of stock prices for CANADA, listing various companies and their prices for July 27 and 28.

Table of stock prices for PARIS, listing various companies and their prices for July 30.

Table of stock prices for STANDARD AND POORS, listing various companies and their prices for July 27 and 28.

Table of stock prices for AMSTERDAM, listing various companies and their prices for July 27 and 28.

Table of stock prices for TOKYO, listing various companies and their prices for July 30.

Table of stock prices for NEW YORK, listing various companies and their prices for July 27 and 28.

Table of stock prices for CANADA, listing various companies and their prices for July 27 and 28.

Table of stock prices for GERMANY, listing various companies and their prices for July 30.

Table of stock prices for TOKYO, listing various companies and their prices for July 30.

Table of stock prices for AUSTRALIA, listing various companies and their prices for July 30.

Table of stock prices for STOCKHOLM, listing various companies and their prices for July 30.

Table of stock prices for EUROPEAN OPTIONS EXCHANGE, listing various options and their prices.

Table of BASE LENDING RATES, listing various banks and their rates.

Table of stock prices for AMSTERDAM, listing various companies and their prices for July 30.

Table of stock prices for BRUSSELS/LUXEMBOURG, listing various companies and their prices for July 30.

Table of stock prices for SWITZERLAND, listing various companies and their prices for July 30.

Table of stock prices for JOHANNESBURG, listing various companies and their prices for July 30.

Table of stock prices for PARIS, listing various companies and their prices for July 30.

Table of stock prices for MILAN, listing various companies and their prices for July 30.

COMMODITIES AND AGRICULTURE

Coffee and cocoa prices down again

COFFEE AND cocoa futures prices moved lower again on the London market yesterday. Another £42 was added to last week's £290 fall in the September coffee price...

London metal markets hit by speculative selling

On the London Metal Exchange, the biggest loss, in percentage terms, was suffered by lead. Cash lead is now £210 below the all-time peak of £701 reached only six weeks ago.

Pound rise wipes out subsidies

THE LAST traces of Common Market import subsidies and export levies on agricultural produce moving in and out of Britain will disappear next Monday...

New-look quango for agriculture

WITH HIS nomination of five free-range farm marketers, Mr. Peter Walker, Minister of Agriculture, yesterday founded the first of what could be new breed of quango...

Australian Wool Corporation chairman dies

MR. ALFRED MAIDEN, chairman of the Australian Wool Corporation (AWC) and of the International Wool Secretariat (IWS), died at his home in Melbourne yesterday aged 66.

Swing to 'fresh chickens'

A SWING towards "fresh" instead of frozen products is bringing big changes to the British poultry industry, according to Mr. Michael Broadhead, marketing and sales director of Farmer's Table...

Lamb import curbs expected

THE FRENCH Government is expected to ban imports of British lamb from today because market prices in France have fallen.

Producer doubts on commodity pacts

COMMODITY PRODUCING countries had reason to doubt the willingness and goodwill of consumer countries to agree fair terms for international commodity pacts...

BRITISH COMMODITY MARKETS

Table with columns for Base Metals (Copper, Tin, Zinc, Lead, Nickel, Aluminium), Coffee, Soyabean Meal, and Sugar. Includes prices and business status.

U.S. silver production up

WASHINGTON—U.S. MINE production of silver in May totalled 3.2m troy ounces, 3 per cent above the 3.16m ounces mined in April...

PRICE CHANGES

Table showing price changes for various commodities including Metals, Oil, and Grains. Columns include commodity name, price, and change.

AMERICAN MARKETS

Table showing American market prices for commodities like Live Hogs, Soyabean Meal, and Wheat. Includes prices and business status.

INSURANCE BASE RATES

Table listing insurance base rates for Vanburg Guaranteed, Property Growth, and Address shown under Insurance and Property Bond Table.

EUROBONDS

The Association of International Bond Dealers. Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format in the following dates in the remainder of 1979.

GRAINS

Table showing grain prices for Wheat, Barley, and Rye. Includes prices and business status.

SUGAR

Table showing sugar prices for London Daily Price (raw sugar) and various sugar grades. Includes prices and business status.

EUROPEAN MARKETS

Table showing European market prices for commodities like West-U.S. No. 2 Oat, Paris 1300, and various indices. Includes prices and business status.

The Financial Advertisement Department on 01-248 8000 Ext. 424 or 7085

Cocoa futures eased further, to new contract lows before month ending

TEA AUCTION LONDON—32,453 chests were offered yesterday's tea auction for home and export demand, with prices firm 2p to 3p dearer and colours very strong.

WOOL FUTURES BRADFORD—Market inquiry is seasonally quiet, although deliveries are satisfactory. Prices remain poor.

Prediction of further rise in UK interest rates leads to widespread falls—Share index loses 7.2 more at 451.0

Account Dealing Dates Optimum First Declara- Last Account Dealings Dates July 26 July 27 Aug-28 July 30 Aug-9 Aug-10 Aug-20 Aug-13 Aug-23 Aug-24 Sept-3

attempt to find a trading level, but virtually no support was forthcoming. Falls in FT quoted industrials outnumbered rises by 6-to-1, many of the firm spots reflecting weekend Press comment or trading statements.

Wagon Finance lost 3 to 37p and Lloyds and Scottish relied on support. Falls in FT quoted industrials outnumbered rises by 6-to-1, many of the firm spots reflecting weekend Press comment or trading statements.

way 6 to 254p and Foster Bros. 4 to 120p. Electricals mirrored the general dull trend, closing with falls ranging to 12. Royal Electrolines ended that much lower at 415p, while Thora cheapened 8 to 416p and GEC declined 6 to 350p.

BTR, however, declined 10 to 304p following profit-taking after last week's good results and on market suggestions that the group will substantially increase its offer for Bestobell; the latter eased 2 to 210p.

127p with the "A" losing 4 to 70p and British and Commonwealth wealth relinquished 5 to 339p. Interim profits in excess of most analysts forecasts and the proposed one-for-three scrip issue left Nottingham Manufacturing 2 up at 131p, after 132p.

Further rise from the current near-record level of interest rates is likely. A report of a forthcoming warning from the CBI of poor company profitability this year which may bring a decline in investment by manufacturing industry also served to unsettle leading shares which eased throughout the session and generally closed at the day's lowest.

Banks dull Still reflecting disappointment with the recent crop of interim statements, the major clearing banks gave further ground. Comment on last Friday's first-half results prompted a fresh reaction of 5 to 340p in Midland while Barclays lost 7 to 418p.

A particularly firm market of late on the excellent annual profits. Magnet and Southern encountered profit-taking and shed 7 to 210p, while Burt Benson still reflecting a reduced dividend and profits lost 6 more to 165p.

In quietly dull Foods, Tate and Lyle shed 4 to 138p; the company plans to close its Walkers sugar cane refinery, Greenock in Scotland. Despite Press comment highlighting bid possibilities, Spillers eased 14 to 39p.

Oil prices were inclined easier in an extremely quiet trade. British Petroleum drifted off to close 5 lower at 1,205p, while Shell eased a few pence to 314p, the latter's interim figures are due tomorrow.

After holding steady for most of the day, South African Golds fell away reflecting the afternoon decline in the bullion price which closed 47.75 off at \$301.15 an ounce. The Gold Mines Index fell 3.7 to 155.1 and the premium index 4.0 to 141.3.

LONDON TRADED OPTIONS Table with columns for Option, Ex-Trade price, Closing offer, Vol., etc. Includes sections for Oct, Jan, April, August, November, February.

Further concern about the overseas competitive position of ICI left the shares 3 cheaper at 318p. Among other Chemicals Carless Capel firmed 3 to 50p, after 51p; the Department of Energy is expected to issue an on-shore oil exploration licence to the company today.

Trusthouse Forte issues turned weak on a Press sell recommendation with the ordinary dropping 10 to 132p and the warrants falling 7 points to 227. Miscellaneous industrial leaders began the new Account in the same dull manner as they had closed the old.

Against the dull trend evident elsewhere in Trusts and Financials, Britannia Arrow edged forward a penny to 30p in response to favourable Press comment.

Shippings opened the new Account on a dull note, drifting lower on lack of fresh support. Furness Withly led the retreat at 285p, down 3, while Rederierna Smith ordinary cheapened 6 to 127p.

APPOINTMENTS

Sir Jack Wellings on Board of Turner and Newall

Sir Jack Wellings, chairman and chief executive of the 600 Group, has been appointed a non-executive director of TURNER AND NEWALL from tomorrow.



Mr. Brian Dice at the University of Edinburgh, has been elected headmaster of CHRIST'S HOSPITAL, Horsham, from September on the resignation of Dr. D. H. Newsome.

Mr. A. P. de Boer has joined the new committee of PRICE WATERHOUSE AND CO. as a non-executive director. His initial appointment is for a three-year term to June 1982 and he will be a full member of the policy committee but will not be a partner in the firm.

Mr. Lionel P. Kent has been elected to the Board of directors of ALCAN ALUMINIUM.

Mr. Robert L. Johnson, managing director of the earthenware division of WEDGWOOD, joins the main Board of the company from tomorrow.

Mr. Gordon Latham has resigned as a director of B.A.T. STORES HOLDINGS and as a joint managing director of International Stores and its subsidiaries following the re-organisation of the companies.

Mr. P. E. Rosengard has been appointed managing director of STORNO.

Mr. Timothy Cunke has been appointed financial director of SALTER INDUSTRIAL MEASUREMENT.

Mr. John E. Kemp has been appointed sales director of SIMON-SOLITEZ of Gloucester (Simon Food Engineering Group).

Mr. Richard Andrews has been appointed company secretary of ROCKWARE GROUP from tomorrow following the retirement of Mr. Kenneth Young.

The Secretary for Trade has reappointed Mrs. K. E. Lambert as chairman of the SOUTHERN GAS CONSUMERS' COUNCIL until January 23, 1980.

ACTIVE STOCKS

Table of Active Stocks with columns for Stock, Denomina-tion, Closing price, Change on day, 1979 high, 1979 low.

RECENT ISSUES

Table of Recent Issues with columns for Issue, Price, Denomina-tion, High, Low, etc.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks with columns for Issue, Price, Denomina-tion, High, Low, etc.

"RIGHTS" OFFERS

Table of Rights Offers with columns for Issue, Price, Denomina-tion, High, Low, etc.

FIXED INTEREST PRICE INDICES

Table of Fixed Interest Price Indices with columns for Index No., Yield %, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Index No., Day's Change %, etc.

FIXED INTEREST PRICE INDICES

Table of Fixed Interest Price Indices with columns for Index No., Yield %, etc.

FIXED INTEREST PRICE INDICES

Table of Fixed Interest Price Indices with columns for Index No., Yield %, etc.

FINANCIAL TIMES STOCK INDICES Table with columns for July 30, July 27, July 26, July 25, July 24, July 23, 1 year ago.

HIGHS AND LOWS Table with columns for 1979 High, 1979 Low, S.E. Activity, etc.

NEW HIGHS AND LOWS FOR 1979 Table with columns for New Highs, New Lows, etc.

RISES AND FALLS YESTERDAY Table with columns for British Funds, Foreign Bonds, etc.

OPTIONS

account in a quiet mood, calls being done in Town and City. EMI, Spillers, Premier Oil, Lorrain, Status, Discount, Trusthouse Forte, Invesrek, Telefusion, Law Land, Western Mining and Candecca. A put was completed in United Scientific, and doubles were arranged in Bolton Textile and EMI.

Queen's Award entries invited

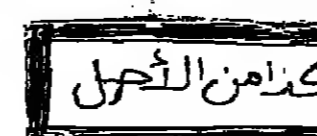
APPLICATIONS ARE being invited from companies for the Queen's Awards for Export and Technology, 1980.

DEALING DATES

First Last For Deal- Declara- Settling- ing- (ion ment July 24 Aug-6 Oct-18 Oct-20 Aug-7 Aug-20 Nov-1 Nov-13 Aug-21 Sept-3 Nov-15 Nov-27 For rate indications see end of Share Information Service

The option market began

The option market began in a quiet mood, calls being done in Town and City. EMI, Spillers, Premier Oil, Lorrain, Status, Discount, Trusthouse Forte, Invesrek, Telefusion, Law Land, Western Mining and Candecca. A put was completed in United Scientific, and doubles were arranged in Bolton Textile and EMI.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their performance metrics, including columns for trust names, managers, and financial data.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including fund names, managers, and performance data.

INSURANCE AND PROPERTY BONDS

Large table listing insurance and property bonds, organized by company and listing various policy types and financial details.

NOTES: Information regarding the accuracy and interpretation of the data presented in the tables.



IBM COMPUTERS LEASED AT SUBSTANTIAL SAVINGS CIG COMPUTERS LIMITED. 5670 Putney High Street, London SW15 1SF, England. Tel: 01-788 8212

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of British Funds with columns for Name, Price, Dividend, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years)

Over Fifteen Years

Table of British Funds (Over Fifteen Years)

Undated

Table of British Funds (Undated)

INTERNATIONAL BANK

Corporation Loans

Table of International Bank Corporation Loans

COMMONWEALTH & AFRICAN LOANS

Public Bonds and Ind.

Table of Commonwealth & African Loans

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FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, Dividend, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, Dividend, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, Dividend, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, Dividend, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, Dividend, and Yield.

ELECTRICALS

Table of Electricals with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, Dividend, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, Dividend, and Yield.

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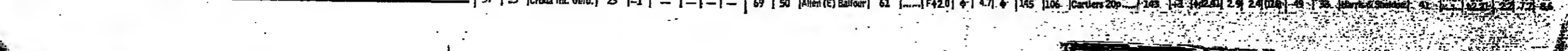
Table of Chemicals, Plastics with columns for Name, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Miscel)

Table of Industrials (Miscel) with columns for Name, Price, Dividend, and Yield.





Cornish mines to reopen

BY KENNETH MARSTON, MINING EDITOR

RIO TINTO-ZINC Corporation has decided to reopen the Wheal Jane and Mount Wellington tin mines in Cornwall without Government aid...

The cost of the mines' rescue is about £21m more than some recent unofficial estimates. In June RTZ's application for State aid of £21m or £3m met with an unenthusiastic response.

The last straw was the cost of pumping out extra water which flowed in as a result of the closure in the previous month of Mount Wellington...

The two mines then employed some 700, and RTZ's mention of 300 workers under the new plans suggests that a considerably more modest output is envisaged now.

Walker names team to probe farm marketing

BY CHRISTOPHER PARKES

MR. PETER WALKER, Minister of Agriculture, yesterday named a team of five unpaid specialists who will probe the weaknesses of the British farming industry's marketing effort...

Self-sufficient in liquid milk, Britain still spends £500m a year on importing dairy produce. Fruit and vegetable imports, including many types which are grown satisfactorily in Britain, cost £536m a year.

Co-operation and Marketing Services; Mr. Dennis Stevenson, head of a market research firm and a director of the National Building Agency.



Mr. John Sainsbury, who has publicly expressed his distaste for formal committees, said he had not sought to strike a balance within the group by including representatives with special interests.

\$26.6m computer lease insurance claim

BY JOHN MOORE

ITEL CORPORATION, a San Francisco-based leasing concern, has launched a \$26.6m (£11.5m) legal action against Marsh and McLennan of the U.S., the world's largest insurance broker, and Americas Insurance Company over a disputed computer leasing insurance claim.

McLennan with the insurance company, and which is now disputed, covered ITEL for any difference which arose between the appraised value of the computer, and the actual amount of cash received after the leases expired or were terminated by ITEL's customers.

Itel claims that the company therefore breached its warranty of authority. The action is likely to be complex because several foreign reinsurers have filed a complaint against Americas Insurance Company, Guarantee Appraisal, the group which conducted ITEL's specialist appraisal work.

Mr. David Mul Mukome, the Foreign Minister, the Deputy Premier said it was unlikely that anything would emerge about Britain's demands for changes to the 1979 Zimbabwe Rhodesia constitution until after the Commonwealth summit.

UK onshore oil search resumes

BY RAY DAFTER, ENERGY EDITOR

FOUR EXPLORATION companies are to start a new hunt for oil and gas reserves in the South of England. The Energy Department yesterday awarded onshore exploration licences giving the companies limited rights to evaluate geological structures.

The third licence has been awarded to Conoco, a U.S.-based energy group. The company will explore an area of 491 sq km south of London in parts of Surrey and Kent.

It is expected that Premier Consolidated will be granted such a concession by Mr. David Howell, Energy Secretary today. The company wants to drill for oil in the Calthness-Sutherland area, close to the shallow-water Beatrice Field.

ment officials are not expecting large new fields to be found. Prospective land areas in the UK have been explored for more than 60 years. About 74 exploration licences issued between 1973 and 1977 are now in force.

New moves to rebuild nuclear industry

BY DAVID FISHLACK, SCIENCE EDITOR

FRESH PROPOSALS for restructuring the nuclear design and construction industry, giving much greater emphasis to the manufacturing side, have been put to the Government by leading industrialists seriously worried about the declining competence of the industry.

The Government has accepted the failure of the 1974 formula for a unified industry, which set up the National Nuclear Corporation and its operating arm, the Nuclear Power Company.

ing groups of the U.S., Germany and France takes shape. Mr. Glyn England, chairman of the Central Electricity Generating Board, has said that his board does not want to place contracts for manufacturing of two- to three-generators for the new nuclear station, for which it has just obtained Treasury approval, until it sees prospects of an organisation more likely to deliver plant on time and to the quoted price.

suggested that its boiler-making company, with a book value of about £40m, be closely aligned with the restructured company, along with the boiler-making side of Northern Engineering Industries.

Foreign investment in U.S. still at record pace

By John Wyles in New York

FOREIGN manufacturing investment in the U.S. continued to run at a record pace in the second quarter with overseas chemical companies in the vanguard, according to the Conference Board, a U.S. business research organisation.

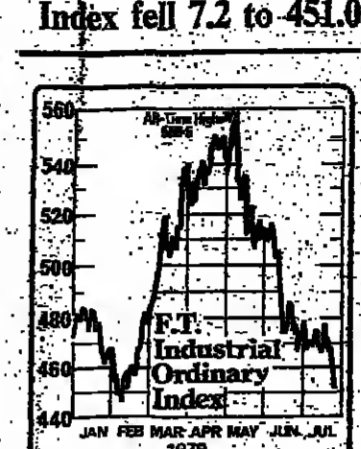
The 104 investments in the U.S. announced by foreign companies was the highest quarterly number ever recorded by the board in the 10 years since its survey began. The previous high was the 101 investment announcements in the same quarter last year.

Freedom after 6 1/2 years

THE LEX COLUMN

Equities continued to drift lower yesterday and notwithstanding further strength in the exchange rate the prices of long dated gilts fell by another £1. Since the Conservatives swept back to power less than three months ago the FT All-Share Index has shed well over 100 points and now stands less than five points above its February low point.

Index fell 7.2 to 451.0



Dividend controls: Tonight at midnight dividend controls expire. Brought in as an emergency measure by the Heath Government in November 1972 they have lasted continuously for over 6 1/2 years. The initial total freeze was replaced in March 1973 by a 5 per cent ceiling on annual increases, which was raised to 12 1/2 per cent in July 1975 at a time of soaring inflation.

Nottingham Manuf.: At the pre-tax level, Nottingham Manufacturing's first half profits are up by 22 per cent at £6.1m. But well over half the improvement is accounted for by a rise in investment income to £1.6m, and trading margins have actually been squeezed a little to 6.7 per cent from 7 per cent. For the rest of this year, the combination of high interest rates and more than £30m of cash and gilt-edged will guarantee a useful contribution from the investment income side, but growth from trading may be hard to keep up.

Kaunda

League Mr. David Mul Mukome, the Foreign Minister, the Deputy Premier said it was unlikely that anything would emerge about Britain's demands for changes to the 1979 Zimbabwe Rhodesia constitution until after the Commonwealth summit.

Weather

UK TODAY: GENERALLY CLOUDY and unsettled. London, Cent. and Eastern England, E. Midlands, Channel Is. Occasional rain with bright intervals later. Winds moderate or fresh. Max. 19C (66F).

THOMSON'S EQUITY & LIFE BROKERS

Investment Gearing advertisement. The Chancellor has provided the first real opportunity to build up capital by cutting personal taxes. This must not be missed as it should not be forgotten that the lifetime of a Government is still only five years.

Table with 4 columns: City, Y'day, Y'day, Y'day. Lists various international cities and their exchange rates.

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